

Annual Report

THE INSURANCE COUNCIL OF MANITOBA / 2008 Annual Report



What we do

Why we do it

Mandate

The mandate of the Council is to act in the public interest to protect Manitoba consumers of insurance products, and to regulate agents, brokers and adjusters to ensure adequate standards are maintained for public protection.

Mission

The INSURANCE COUNCIL OF MANITOBA is committed to serving and protecting the public by regulating insurance licensees under the INSURANCE ACT OF MANITOBA, and by ensuring that licensees act within a professional framework which promotes fair and ethical conduct, integrity and competence.

Contents

Mission and Mandate.....	1	General Manager's message.....	9
Letter of Transmittal.....	2	Members of the Councils 2007/2008.....	11
Organizational Profile.....	3	Examination Statistics.....	12
Our Team.....	4	Active Licenses.....	13
Chairperson's message - Administrative Council.....	5	Complaint Statistics.....	14
Chairperson's message - Life Council.....	6	Disciplinary Decisions.....	15
Chairperson's message - General Council.....	7	Audited Financial Statements.....	16
Chairperson's message - Adjusters Council.....	8		



May 31, 2008

Mr. Jim Scalena
Superintendent of Financial Institutions
Financial Institutions Regulations Branch
1115-405 Broadway
Winnipeg, Manitoba
R3C 3L6

Dear Mr. Scalena,

I have the honour to submit, pursuant to Regulation 227/91 of the *Insurance Act of Manitoba*, the Annual Report for the Insurance Council of Manitoba.

This report, which covers the period from April 1, 2007 until March 31, 2008, provides an account of our main activities and a summary of our operations for the year, and includes the audited Financial Statements of the Council.

Respectfully submitted,

Erin Pearson, BA, FLMI, FALU
General Manager
Insurance Council of Manitoba

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Winnipeg, Manitoba
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Who we are

What we stand for

Organizational Profile

The INSURANCE COUNCIL OF MANITOBA ("Council") is responsible for administering and enforcing the *Insurance Act of Manitoba*, the regulations under the Act and the licensing rules as they relate to agents, brokers and adjusters.

Mandate and Legislative Authority

Council was established by Regulation 227/91 and the Superintendent is authorized to delegate to Council all or any of the powers, functions and duties that the Superintendent has under the Act and the regulations.

The *Insurance Act of Manitoba* allows for Council through its delegation:

- The power to issue or refuse a licence
- The power to attach limitations or conditions to a licence
- The power to cancel or suspend a licence
- The power to fine or assess costs
- The power to carry out investigations

In addition, each insurance Council may make rules for its own procedure; may prescribe the educational and other standards for agents, brokers and adjusters; may initiate and engage in programs of consumer protection; may make recommendations to the minister; may establish ethical, operational and trade practices for agents, brokers and adjusters.

At March 31, 2008, there were over 7,800 licenses in force in three (3) separate disciplines:

- Life insurance, including accident and sickness insurance
- General insurance
- Insurance adjusters

Vision

The vision of the Council is to provide consumer protection through an improved regulatory framework and increased harmonization of insurance regulations. It sets out the overall direction for our work, and its purpose is to protect consumers of insurance products and services.

Values

The INSURANCE COUNCIL OF MANITOBA has developed a set of core fundamental values which includes:

- Integrity
- Accountability
- Responsiveness
- Cooperation
- Accessibility
- Respect
- Professionalism
- Education

Management & Staff



Erin Pearson, BA, FLMI, FALU
General Manager



Audrey Treichel
Manager, Operations & Systems



Ellen Morin
Manager, Licensing & Administration



Sandi Saluk
Licensing Officer



Jill MacKenzie
Licensing Clerk



Amanda Campbell
Reception & Administrative Assistant

Staff at March 31, 2008

Chairperson's message

Administrative Council



It is perhaps the most difficult situation that any business organization can face; the untimely and unexpected loss of its General Manager. Such was the situation faced by the INSURANCE COUNCIL OF MANITOBA (ICM) when our General Manager - Lois Fedak unexpectedly passed away on October 6, 2007.

Many of us "second term" appointees, were fortunate to have been able to work with Lois beyond the usual Council meetings and their inherently familiar array of reports. There were times when atypical, sometimes even curious issues would come up, and of course there were Special Projects; these circumstances would all provide an opportunity to work with Lois in a closer circle - where discussion and intelligent debate would flourish.

How well the organization is able to continue forward in a relatively seamless manner after the demise, is perhaps from a business perspective, the most complimentary manifestation of the time and effort invested by the departed. In this instance, Lois' investment in the personnel - both management and support staff of the ICM, allowed for those remaining to pick up and with a team effort continue on with the ICM's business.

Lois's strength of character; her organized and determined approach to the affairs of the ICM, were exemplified by the remaining management and staff. Each of them: Erin Pearson, Audrey Treichel, Ellen Morin, Sandi Saluk, Jill MacKenzie, Amanda Campbell are to be commended for the dedication and professionalism that they demonstrated. No amount of effort was spared in continuing the business of the ICM in as customary a manner as possible. They knew what Lois would have expected from them and they answered the call.

In the end, Lois will be missed by each of us in our own special way.

An ending creates a beginning. It is an opportunity for a new and fresh approach. In that vein, the ICM is pleased to welcome the appointment of Erin Pearson as its new General Manager. Erin has substantive experience, having entered the insurance business in 1981 and more specifically having joined the ICM in 1996 and having acted as its Investigator, Manager of Compliance, and Assistant General Manager prior to her appointment as General Manager. Erin has the support of the Council and the staff of the ICM as she leads us collectively into a new era for the ICM.

Regarding the business that is usual to the ICM, the past year saw limited membership changes. Those changes were in the Adjusters Council and involved Susan Durnin resigning from Council as she relocated to British Columbia. Two term appointee - Victor Dumesnil retired from Council as his second term expired in November, 2007.

The Adjusters Council welcomed James Magnan effective August, 2007 and Ron Tardiff effective December, 2007. Both James and Ron bring a depth of experience and knowledge with them that will be an asset to the Adjusters Council.

The fiscal period ending March 31, 2008 revealed that the ICM had completed a successful year, where budgetary and operational expectations were exceeded.

Consequently, the Administrative Council and the General Manager have identified several areas where innovative goals and opportunities are presented. Over the coming year, all Council members will be offered the opportunity to participate in a re-examination of the Strategic Plan for the ICM. It is anticipated that new and exciting goals will be established for both the short and long term horizons.

One of the more exciting initiatives being worked on is the introduction of an internet based Continuing Education Online Reporting feature and Licensing Renewal Status for the Life and General Insurance licensees. This entails a substantial amount of "front-end" work; with the projected introduction being for the spring renewal period - 2008 licensing year.

This is one example of how the Insurance Council continues to look for opportunities to embrace new ways to meet the changing needs of its member Licensees, while serving Manitobans through the governance of professionals licensed in our industry.

In closing, the ICM recognizes the valuable work and dedication of the management and staff over the past year. Erin Pearson, Audrey Treichel, Ellen Morin, Sandi Saluk, Jill MacKenzie, Amanda Campbell are recognized and thanked for their strong commitment to the ICM.

Respectfully submitted,

J. Miles Barber

J. Miles Barber, B.Comm (Hons.), FCIP, CRM
Administrative Council Chairperson

Chairperson's message

Life Council



It has been my honour to serve as Chairperson of the Life Insurance Council for the past year. The Life Insurance members are Vice Chair Bill Stewart, Zbigniew Gryz, Bonnie Radcliffe, Joan Prevalnig and Nemesio Juan.

The past year, as we all know, was a year that brought a huge unexpected loss. As I look back at last year's comments and how the Council appreciated the efforts of Lois in the year prior, it is hard to say something more appropriate about the regard in which she was held. Those comments made, when she was still our leader, are a true testament to what a great person she was. We will miss her and we will miss her leadership.

As the INSURANCE COUNCIL OF MANITOBA moves forward, we are pleased that Erin Pearson has been named General Manager of the ICM. We are confident that the Council is in great hands; proven by the efficient manner in which Erin managed the dual roles of Investigator and Assistant General Manager.

The Life Council is ever mindful that our responsibility is to protect the interests of the consumer. A significant part of that role is to conduct disciplinary reviews resulting from complaints concerning licensees. Complaints have been trending down from 82 in 2002/2003 to 47 in the past year. In the disposition of these complaints, we found six (6) agents in violation of *The Insurance Act of Manitoba* of the Life Insurance Code of Conduct, resulting in three (3) cases of a fine plus costs, one (1) licence refusal and two (2) findings of "unsuitable to hold a licence" with fines and cost assessments. The balance of the complaints were either unsubstantiated or were dealt with by way of a letter of caution.

In January, Erin Pearson and Bill Stewart - Vice Chair, attended the annual Western Life Councils meeting. This forum is intended to provide an opportunity to share common challenges and develop a harmonized approach to solutions to those challenges. This year's meeting involved discussion of the practice of incidental sale of insurance, including the insurance sold by automobile dealers, travel agents and agencies, mortgage brokers, lending institutions and prepaid funeral expenses. The Life Insurance Council of Manitoba is studying what measures may be taken to protect the Manitoba consumer in this area.

Another issue addressed at the meeting and currently being considered by the Life Insurance Council of Manitoba are the

guidelines and requirements associated with the sale of segregated funds. Many of today's segregated funds closely resemble mutual funds. The Life Council wants to ensure that the level of consumer protection afforded clients that purchase segregated funds is equal to or superior to that available to purchasers of mutual funds.

These two issues will be major projects of the Life Council in the coming year. We look forward to reporting next year on the steps we have taken.

Continuing Education continues to be an area of concern to the Council. We are currently reviewing our requirements to see if there are improvements that can be instituted. With the 2008/2009 licence renewals, licensees will be given the opportunity to enter their CE credits online as a result of the enhancements made to the ICM website and database. This is the first step in a continuum leading towards a more efficient electronic handling of both CE tracking and ultimately an online renewal system.

The CISRO development of a new format and procedure for the replacement of in-force life insurance is now complete and a final presentation has been made to Council. The Council has approved the Life Insurance Replacement Declaration (LIRD) and the establishment of the necessary framework for its implementation is currently in process. It is anticipated that we will be in a position to implement the new form prior to the end of the year.

I would like to thank Erin for the tremendous job she has done in assuming the leadership of the Council under very difficult circumstances. Thank you also to the members of the Life Council for the great job they have done in making the Life Council an effective Council in accomplishing the mandate we have been given. With Erin's guidance and the strength and commitment of our committee members, we look forward to a great year in 2008/2009.

Respectfully submitted,

Don Manson

Don Manson
Life Insurance Council Chairperson

Chairperson's message

General Council



Last year was a busy year for the General Insurance Council. As of March 31, 2008 there were 3,112 active general licenses compared to 2,923 the previous year. There were 30 complaints against general brokers up from 29 the year earlier and all of the complaints were thoroughly investigated. There were three (3) disciplinary actions taken as a result; all of which involved fines and costs.

We appreciate the contribution of our learned counsel, lawyer Michael Richards, whose guidance in the interpretation of the Act as well as his good humour in helping us understand the legal context has been crucial to allowing our board to function professionally and expeditiously during hearings.

There have been no new members appointed to Council during this past year and I am taking this opportunity to thank the members Gerry, Art, Judy, Cheryl and Rosemary, who each bring a wealth of experience to their responsibilities. From our meetings this year, I can say that their thoughtful approach to dealing with issues is in keeping with the Council's tradition of serving the public interest. In particular, I would like to thank Gerry Corrigan for assuming the duties of Chair in my absence, which included travel out of province and extra duty on the Administrative Council. Thank you Gerry!

Our Council met several times over the past year and besides regulatory matters before us, we found time to discuss several important topics. Among the subjects that the Council broached are:

- The importance of safeguarding and ensuring proper disposal of confidential records.
- Unlicensed activity.
- Rebating of premium and offering inducements to insure.
- The obligations of agents and brokers to obtain adequate information to properly advise clients.
- Best practices with regard to automatic policy renewals.

On behalf of the members of the General Council, I wish to thank Erin Pearson for her extraordinary commitment to the Council during a particularly difficult year. As you all know, she and her team have served the Council and the public well over this past year in spite of the personal and

professional upset in the tragic loss of our General Manager - Lois Fedak. Thank you Erin and staff!

This is my last report as Chair of the General Council. This August will mark the end of the second term on Council for both Art Jonasson and me. I think Art would join me in stating that the experience of serving on Council, these past six (6) years, has been rich and rewarding.

In closing, I am glad to express my firm conviction that our Council members, management and staff are ready for what the coming year will bring as they remain committed to the highest level of professional public service.

Respectfully submitted,

Claude Forest

Claude H. Forest
General Insurance Council Chairperson

Chairperson's message

Adjusters Council



The Insurance Adjusters Council acknowledges the many contributions made by Lois Fedak in her tenure as General Manager of the INSURANCE COUNCIL OF MANITOBA. Lois placed the Insurance Council first; it was her passion. We are saddened by her passing; but we benefit from the strong foundation, which she helped to lay for the Insurance Council.

The Adjusters Council (Council) has been relatively active over the past year.

As with all of the Councils, the "term" of our appointed members is not an indefinite one. Each appointee is named to an initial three (3) year term, which *may* subsequently be renewed for a second and final three (3) year term.

During the past year, Susan Durnin resigned from Council as she relocated to British Columbia. Two term appointee - Victor Dumesnil retired from Council as his second term expired in November, 2007.

Council welcomed James Magnan effective August, 2007 and Ron Tardiff effective December, 2007. Both James and Ron bring a depth of experience and knowledge with them that will be an asset to Council.

The continued services of Don Jodoin (Vice-Chairperson of the Adjusters Council), Elaine McCracken and Jacqueline Desrochers are appreciated.

As of March 31, 2008 there were 84 licensees. During the year, five (5) exams were taken with there being three (3) passed.

Council handled nine (9) complaints during the year. One complaint resulted in a disciplinary action. In that instance the Adjuster was fined \$500.00 and assessed costs of \$1,000.00 for multiple violations of the Adjusters Code of Conduct. The matter was appealed by the adjuster to the Insurance Agents' and Adjusters' Appeal Board (Appeal Board). On January 15, 2008 the Appeal Board upheld Council's decision and assessed an additional \$1,000.00 in costs.

The INSURANCE COUNCIL OF MANITOBA has continually held that "unlicensed activity" is not acceptable. In that vein, on

November 14, 2007 the Court of Appeal of Manitoba delivered a judgement, which granted a motion for an interlocutory injunction restraining the activities of an individual who had been acting as an insurance adjuster without being duly licensed.

Unlicensed activity threatens the insurance consumer and undermines the health of the P&C Industry as a whole. Consequently, the INSURANCE COUNCIL OF MANITOBA continues to be vigilant in its monitoring role of the P&C Industry for incidents of "unlicensed activity".

In closing, Council recognizes the efforts of, and looks forward to working with, our new General Manager - Erin Pearson and with the staff of the INSURANCE COUNCIL OF MANITOBA. Their efforts and professionalism are acknowledged and are greatly appreciated.

Respectfully submitted,

J. Miles Barber

J. Miles Barber, B.Comm (Hons.), FCIP, CRM
Adjusters Council Chairperson

General Manager's message

It is my privilege, on behalf of the INSURANCE COUNCIL OF MANITOBA, to present the Annual Report for the 2007/2008 fiscal year.

This year has been a time of unprecedented loss and upheaval at the INSURANCE COUNCIL OF MANITOBA following the unexpected and untimely passing of Lois Fedak. Ms. Fedak was instrumental in the development of the INSURANCE COUNCIL OF MANITOBA, and served it well. Her tremendous contributions to the insurance industry, the regulatory regime, and especially the INSURANCE COUNCIL OF MANITOBA are widely recognized, and her loss will continue to be felt by many for years to come. Ms. Fedak worked tirelessly on behalf of the Council, and her legacy is an organization which has upheld and nourished the principals outlined in the mandate and mission statement of the INSURANCE COUNCIL OF MANITOBA. We are committed to honouring this legacy by continuing and building on the foundation that Ms. Fedak was instrumental in establishing.

The kindness, guidance, support and assistance of representatives of industry organizations and associations, government officials, and the regulatory bodies associated with other jurisdictions during this period is gratefully acknowledged.

I wish to thank the members of the Life Insurance, General Insurance, and Insurance Adjusters Councils of Manitoba for their service to the Council and the public. Adherence to the Council mandate to act in the public interest to protect Manitoba consumers of insurance is inherent in the difficult decisions they are often called upon to make. Each member contributes their own unique perspective and experience, and they consistently exhibit principled and thoughtful dedication through their individual and collective efforts.

The members of the Administrative Council of Manitoba in particular were called upon to meet unexpected challenges and make difficult decisions that far exceeded the expectations of their appointments, and exhibited dedication, commitment, compassion and honour. I wish to personally thank, on behalf of myself and the staff of the INSURANCE COUNCIL OF MANITOBA, Miles Barber, Donald Manson, William Stewart, Donald Jodoin, Gerry Corrigan and Claude Forest, for their assistance and support during this period.

We bid farewell to two members of the Insurance Adjusters Council this year. Susan Dumin relocated out of province, and we wish her well. Victor Dumesnil completed his second term of service, which expired in November, 2007. While we will miss Victor's thoughtful deliberation and good humour during Council meetings, we are pleased that his service to Council has continued through

his regular proctoring of licensing examinations. The Insurance Adjusters Council were pleased to welcome James Magnan and Ron Tardiff who have quickly become valued contributors of knowledge and experience to Council matters.

The staff of the INSURANCE COUNCIL OF MANITOBA has shown tremendous grace and dedication under pressure, and worked tirelessly to meet unexpected pressures and demands. Their professionalism and diligence were unrivaled, and the efforts of Audrey Treichel, Ellen Morin, Sandi Saluk, Jill MacKenzie and Amanda Campbell are recognized and applauded.

This year the Council examined an Organizational Review which included recommendations for the restructuring and increase of Council staff, replacement of individual computer work stations, replacement and enhancement of the telephone system, a virtual filing project, update of Council premises, consideration of security issues, review and update of the investment policy, and an analysis of a number of administrative procedures. Many of these recommendations have been implemented, and the development of strategies to complete outstanding items are well underway. These enhancements were made possible by the favourable financial position of the INSURANCE COUNCIL OF MANITOBA.

The existing 2005-2008 three year strategic plan was reviewed on a preliminary basis, and many of the objectives outlined in this plan have been implemented. Those relevant outstanding items will be revisited in the near future and a revised strategic plan will be developed in the coming year. Council is addressing with increased fervour initiatives involving revision of the industry Codes of Conduct, the licensing rules, continuing education standards, and Errors and Omissions insurance requirements.

Administration

The INSURANCE COUNCIL OF MANITOBA is the administrative arm of the Life Insurance Council, the General Insurance Council, and the Insurance Adjusters Council of Manitoba. The Council staff carries out the administrative duties which include administering examinations for applicants for a licence, the issuance of licenses, receipt and direction of complaint investigations, and the implementation of disciplinary decisions of the Councils. The activity with respect to each of these areas of the Councils will be provided in detail further in this report.

Office Space

The INSURANCE COUNCIL OF MANITOBA continues to be located in the Grain Exchange Building located at 466-167 Lombard Avenue, Winnipeg, Manitoba, R3B 0T6. The current premises are utilized



to capacity and do not provide for growth and/or expansion. However, we are committed to this space until 2010 and there is no immediate contemplation of relocation to an alternative location.

Staff Changes

We bid farewell to Andrea Black, former receptionist of the INSURANCE COUNCIL OF MANITOBA who left to pursue studies in the legal profession. We wish her well in her future endeavours.

We were fortunate to welcome Amanda Campbell, who initially joined the INSURANCE COUNCIL OF MANITOBA in the position of receptionist. Amanda brought to our organization a background in Business Administration, accounting, computer and office experience and has been promoted to the position of Administrative Assistant.

Audrey Treichel was appointed to the newly created position of Manager, Operations & Systems in recognition of her expanded role in the INSURANCE COUNCIL OF MANITOBA, and the Council is fortunate to benefit from her unique combination of professional experience which includes strategic business planning, financial management and marketing. We look forward to her continued success and contribution to the Council.

I was honoured to accept the appointment of General Manager in February, 2008. I wish to acknowledge and thank the Selection Committee which was comprised of William Stewart, Gerry Corrigan, Don Jodoin and former Council members Ernie Gilroy and Dennis Brugger for their efforts in this difficult process, and the Administrative Council of Manitoba for the opportunity to serve as General Manager.

Computer Systems

The first significant phase of our automated continuing education reporting system, which enables the recording of continuing education credit hours by general and life insurance licensees, was accomplished. This is a major project requiring significant internal and external resources, and I wish to specifically commend Audrey Treichel for her dedication and commitment in spearheading this project.

Licence and Examination Fees

There were no changes to the fee regulation for the 2007/2008 fiscal year.

Examinations

The INSURANCE COUNCIL OF MANITOBA continues to administer examinations for agents, brokers and adjusters. During the 2007/2008 fiscal year, Council conducted a total of 474 examinations.

Licenses

The INSURANCE COUNCIL OF MANITOBA issues all licenses on behalf of the specific Councils. At March 31, 2008 there were 7,826 active licenses. All agent licenses expire on May 31 of each year, and adjuster licenses expire on June 30 of each year.

Complaints and Disciplinary Action

The INSURANCE COUNCIL OF MANITOBA opened a total of 86 complaint files between April 1, 2007 and March 31, 2008. The following is an industry specific breakdown of the complaints received:

Life Insurance Council.....	47
General Insurance Council.....	30
Insurance Adjusters Council.....	9

Resulting disciplinary actions and specific dispositions are included in further detail in the Disciplinary Actions portion of this report.

Financial Report

The INSURANCE COUNCIL OF MANITOBA continues to remit 44% of all licence and miscellaneous fees and 15% of all examination fees to the Minister of Finance. In the 2007/2008 licensing year, fees in the amount of \$597,609.10 and fines in the amount of \$6,500.00 were remitted to the Minister of Finance.

A copy of the audited Financial Statements for the year ending March 31, 2008 is included in this report.

In closing, the INSURANCE COUNCIL OF MANITOBA is well positioned to meet the many internal and external challenges of the coming year. We look forward to fulfilling our statutory obligations and public protection mandate through unwavering commitment to our core values, and the dedicated efforts of the staff and Council members.

Respectfully submitted,

Erin Pearson

Erin Pearson, BA, FLMI, FALU
General Manager

Members of the Councils 2007/2008

Life Insurance Council

Name	Position	Representing
Donald Manson	Chairperson	Life Agents
William Stewart	Vice-Chairperson	Life Agents
Zbigniew Gryz	Member	Life Agents
Bonnie Radcliffe	Member	Public
Joan Prevalnig	Member	Public
Nemesio Juan	Member	Life Agents

General Insurance Council

Name	Position	Representing
Claude Forest	Chairperson	General Agents
Gerry Corrigan	Vice-Chairperson	General Agents
Cheryl Madden	Member	Insurance Companies
Judy Bertrand	Member	General Agents
Arthur Jonasson	Member	Public
Rosemary Henderson	Member	General Agents

Insurance Adjusters Council

Name	Position	Representing
J. Miles Barber	Chairperson	Insurance Adjusters
Don Jodoin	Vice-Chairperson	Insurance Companies
Jacqueline Desrochers	Member	Insurance Adjusters
Elaine McCracken	Member	Insurance Adjusters
Susan Durnin	Member	Insurance Adjusters
Victor Dumesnil	Member	Public
*James Magnan	Member	Insurance Adjusters *
**Ron Tardiff	Member	Insurance Adjusters **

* Replacing Susan Durnin – Effective August 1, 2007

** Replacing Victor Dumesnil – Effective December 17, 2007

Insurance Council of Manitoba

Name	Position	Representing
J. Miles Barber	Chairperson	Adjusters Council
Don Manson	Vice-Chairperson	Life Council
Don Jodoin	Member	Adjusters Council
Claude Forest	Member	General Council
Gerry Corrigan	Member	General Council
William Stewart	Member	Life Council

The Manitoba Council is composed of two (2) members appointed by each of the aforementioned industry Councils

Examination Statistics / April 1, 2007 - March 31, 2008

Life Insurance Council			
Full LLQP			
Written	429		
Passed	314	73%	
Failed	115	27%	

General Insurance Council			
All Classes			
Written	38		
Passed	14	37%	
Failed	24	63%	

Insurance Adjusters Council			
All Levels			
Written	5		
Passed	3	60%	
Failed	2	40%	

Life Insurance Council			
A&S Portion			
Written	2		
Passed	2	100%	
Failed	0	0%	

TOTAL GENERAL COUNCIL EXAMINATIONS: 38

TOTAL ADJUSTERS COUNCIL EXAMINATIONS: 5

Total Examinations - 474



Insurance Agent and Adjuster Licensing Examinations

	Written		Passed		Failed	
	2007/2008	2006/2007	2007/2008	2006/2007	2007/2008	2006/2007
Life	429	428	314	305	115	123
General	38	48	14	8	24	40
Accident & Sickness	2	14	2	9	0	5
Agents Total	469	490	330	322	139	168
Adjuster	5	15	3	9	2	6
Adjusters Total	5	15	3	9	2	6
Grand Total	474	505	333	331	141	174

Licenses Active at March 31, 2008

Life Insurance Council		
Life	D/R	620
Life	Full	1,135
Life	Full (LLQP)	831
Accident & Sickness	D/R	482
Accident & Sickness	Agent	1,562

TOTAL LIFE INSURANCE COUNCIL LICENSES: 4,630

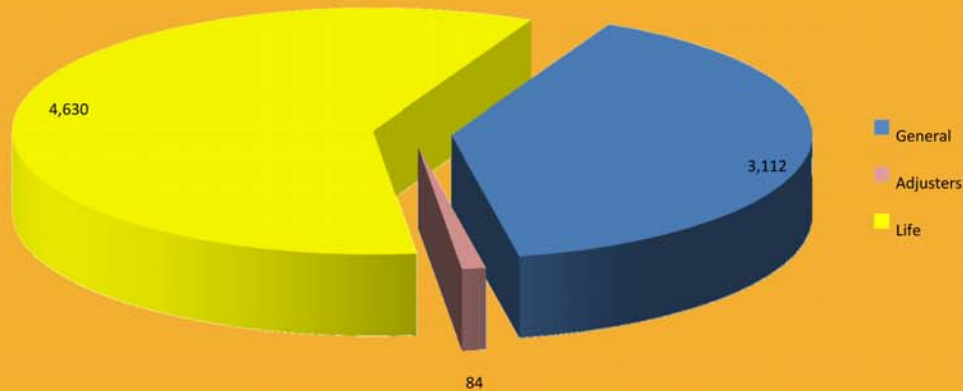
Insurance Adjusters Council		
Adjuster	D/R	20
Adjuster	Independent	52
Adjuster	Assistant	12

TOTAL INSURANCE ADJUSTER LICENSES: 84

General Insurance Council		
General	D/R-Level3	456
Auto Only Broker	Level 1	122
General Insurance Agent	Level 1	1,187
General Insurance Agent	Level 2	832
General Insurance Agent	Level 3	510
General (Restricted to Aviation)	Agent	1
Automobile	Agent	4

TOTAL GENERAL INSURANCE COUNCIL LICENSES: 3,112

Total Licenses - 7,826



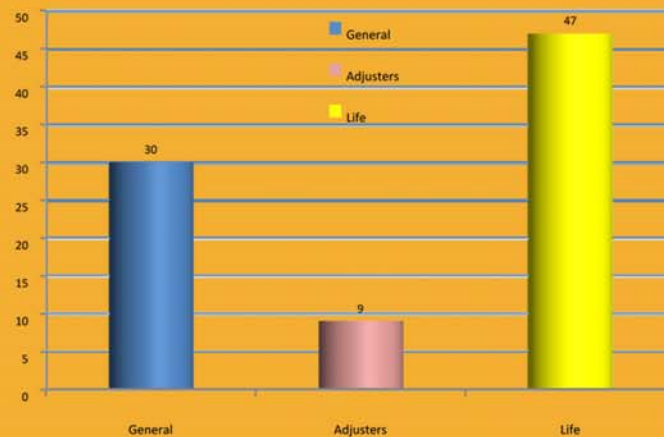
Active Licenses at March 31, 2008

Description	2007/2008	2006/2007
Life Agents	2,586	2,458
General Agents	3,112	2,923
Accident & Sickness Agents	2,044	1,887
Agents Total	7,742	7,268
Adjusters	72	70
Assistant Adjusters	12	15
Adjusters Total	84	85
Grand Total	7,826	7,353

Complaint Statistics / April 1, 2007 - March 31, 2008

Total number of complaints opened between April 1, 2007 and March 31, 2008	86
Total number carried forward from previous year	23
Total number of complaints dealt with in 2007/2008	86
Total number of complaints outstanding at March 31, 2008	23

New Complaints Per Council	
Life	47
General	30
Adjusters	9



Disciplinary Action Taken

Action	Life	General	Adjusters
Unsuitable for licensing, fine & costs	3	0	0
Fines and costs	3	3	1
Suspended	0	0	0
Suspension, fines and costs	0	0	0
Costs only	0	0	0
Cancelled	3	0	0
Grand Total	9	3	1

- Two (2) cancellations due to failure to have E&O coverage
- One (1) cancellation due to failure to obtain continuing education credit hours

Disciplinary Actions / April 1, 2007 - March 31, 2008

Unsuitable to Hold a Licence, Fines and Costs by Council

Life Insurance Agent	Found unsuitable to hold a licence, fine of \$25,000.00 and costs of \$5,000.00 *
Life Insurance Agent	Found unsuitable to hold a licence, fine of \$5,000.00 and costs of \$2,500.00 *

*Fine and costs uncollected as of March 31, 2008.

Application for Licence Refused

Life Insurance Agent	Licence for Life Insurance Agent refused
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Fines and Costs

Life Insurance Agent	Fined \$250.00, assessed costs of \$250.00
Life Insurance Agent	Fined \$750.00, assessed costs of \$500.00
Life Insurance Agent	Fined \$1,000.00, assessed costs of \$1,000.00
General Insurance Agent/Broker	Fined \$1,000.00, assessed costs of \$500.00
General Insurance Agent/Broker	Fined \$2,000.00, assessed costs of \$500.00
General Insurance Agent/Broker	Fined \$1,000.00, assessed costs of \$500.00
Insurance Adjuster	Fined \$500.00, assessed costs of \$2,000.00

- All fines imposed are payable to the Minister of Finance and are not retained by Council
- Fines collected by Council, payable to the Minister of Finance totaled \$6,500.00
- All or part of investigations costs may be assessed and are retained by Council
- Council collected this fiscal year, costs in the amount of \$5,250.00

Appeals to the Provincial Licensing Appeal Board

Decision	Number of Appeals
Varied (Costs increased)	1
Dismissed	0
Withdrawn by the Agent	0

**INSURANCE COUNCIL OF
MANITOBA**

Financial Statements
For the year ended March 31, 2008

INSURANCE COUNCIL OF MANITOBA

Financial Statements

For the year ended March 31, 2008

Contents

Auditors' Report	2
Financial Statements	
Statement of Financial Position	3
Statement of Operations and Changes in Net Assets	4
Statement of Cash Flows	5
Summary of Significant Accounting Policies	6
Notes to Financial Statements	8



BDO Dunwoody LLP/s.r.l.
Chartered Accountants and Advisors
Comptables agréés et conseillers

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Auditors' Report

To the Members of INSURANCE COUNCIL OF MANITOBA

We have audited the statement of financial position of **INSURANCE COUNCIL OF MANITOBA** as at March 31, 2008 and the statements of operations and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Council as at March 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Dunwoody LLP

Chartered Accountants

Winnipeg, Manitoba
April 16, 2008

BDO Dunwoody LLP is a Limited Liability Partnership registered in Ontario
BDO Dunwoody s.r.l. est une société à responsabilité limitée constituée en Ontario

2

INSURANCE COUNCIL OF MANITOBA Statement of Financial Position

March 31	2008	2007
Assets		
Current Assets		
Cash and bank	\$ 35,923	\$ 110,148
Short-term investments (Note 4)	236,862	7,599
Accounts receivable	-	1,145
Interest receivable	42,726	29,496
Prepaid expenses	14,625	16,336
	<u>330,136</u>	<u>164,724</u>
Long-term investments (Note 5)	787,290	755,293
Capital assets (Note 7)	<u>34,203</u>	<u>34,721</u>
	<u>\$ 1,151,629</u>	<u>\$ 954,738</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 23,367	\$ 49,278
Deferred revenue	<u>152,905</u>	<u>138,544</u>
	<u>176,272</u>	<u>187,822</u>
Net Assets		
Information Technology Reserve (Note 8)	100,000	60,000
Unrestricted net assets	<u>875,357</u>	<u>706,916</u>
	<u>975,357</u>	<u>766,916</u>
	<u>\$ 1,151,629</u>	<u>\$ 954,738</u>

On behalf of the Council:


 _____ Member

 _____ Member

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

INSURANCE COUNCIL OF MANITOBA
Statement of Operations and Changes in Net Assets

For the year ended March 31	2008	2007
Revenue		
Licences (Note 6)	\$ 690,105	\$ 645,678
Other	65,841	43,598
Interest income	48,579	37,267
Examinations	45,397	47,592
Change in market value of investments	5,024	-
	<u>854,946</u>	<u>774,135</u>
Expenses		
Advertising, dues and subscriptions	4,569	4,289
Amortization	10,877	11,465
Bad debts	7,500	-
Bank charges and interest	618	468
Computer consulting fees	37,750	24,765
Conference	9,924	-
Council	24,375	18,382
Equipment leases	6,317	5,123
Insurance	10,564	10,843
Meetings and travel	23,301	31,120
Office and equipment rental	23,466	26,350
Postage and courier	16,531	7,449
Professional fees	32,133	63,303
Recruiting	15,440	-
Rent	60,610	63,044
Salaries and benefits	359,530	375,397
Telephone	7,660	7,650
Training	1,251	5,316
	<u>652,416</u>	<u>654,964</u>
Excess of revenues over expenses for the year	202,530	119,171
Net assets, beginning of year	706,916	587,745
Change in accounting policy (Note 2)	5,911	-
Transfer to Information Technology Reserve (Note 8)	(40,000)	-
Net assets, end of year	\$ 875,357	\$ 706,916

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

INSURANCE COUNCIL OF MANITOBA

Statement of Cash Flows

For the year ended March 31	2008	2007
Cash Flows from Operating Activities		
Net income for the year	\$ 202,530	\$ 119,171
Amortization	10,877	11,465
Change in fair value of investments held for trading	(5,024)	-
Changes in non-cash working capital balances		
Accounts receivable	1,145	1,796
Interest receivable	(13,230)	(15,866)
Prepaid expenses	1,711	(8,150)
Accounts payable and accrued liabilities	(25,911)	2,543
Deferred revenue	14,361	12,230
	<u>186,459</u>	<u>123,189</u>
Cash Flows from Investing Activities		
Purchase of capital assets	(10,359)	(8,490)
Proceeds on sale of investments	276,192	90,000
Purchase of investments	(297,254)	(221,618)
	<u>(31,421)</u>	<u>(140,108)</u>
Increase (decrease) in cash and cash equivalents for the year	155,038	(16,919)
Cash and cash equivalents, beginning of year	117,747	134,666
Cash and cash equivalents, end of year	\$ 272,785	\$ 117,747
Represented by		
Cash and bank	\$ 35,923	\$ 110,148
Short-term investments	<u>236,862</u>	<u>7,599</u>
	\$ 272,785	\$ 117,747

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

INSURANCE COUNCIL OF MANITOBA

Summary of Significant Accounting Policies

March 31, 2008

Financial Instruments

The Council's financial instruments consist of cash, accounts receivable, short-term investments, long-term investments and accounts payable. Unless otherwise noted, it is management's opinion that the Council is not exposed to significant interest, currency or credit risks arising from these financial instruments.

All transactions related to financial instruments are recorded on a settlement date basis except for investments which are recorded on a trade date basis.

The Council classifies its financial instruments into one of the following categories based on the purpose for which the asset was acquired. The Council's accounting policy for each category is as follows:

Loans and Receivables - These assets are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand. They arise principally through the provision of goods and services (accounts receivable), but also incorporate other types of contractual monetary assets. They are initially recognized at fair value and subsequently carried at amortized cost, using the effective interest rate method, less any provision for impairment.

Held-for-trading - This category is comprised of certain investments in equity and debt instruments. They are carried in the balance sheet at fair value with changes in fair value recognized in the income statement. Transaction costs related to instruments classified as held-for-trading are expensed as incurred. The fair value of bonds are determined by reference to published price quotations in the active market.

Other Financial Liabilities - Other financial liabilities include trade accounts payable and accrued liabilities. These liabilities are initially recognized at fair value and subsequently carried at amortized cost using the effective interest rate method.

Basis of Accounting

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

INSURANCE COUNCIL OF MANITOBA

Summary of Significant Accounting Policies

March 31, 2008

Capital Assets	Capital assets are recorded at cost and are amortized over their estimated useful lives as follows:
	Furniture and fixtures 20 % diminishing balance basis
	Computer hardware 30 % diminishing balance basis
	Computer software 30 % diminishing balance basis
Information Technology Reserve	The Information Technology Reserve is to be used for funding future upgrades to the Council's information technology system.
Revenue Recognition	License fees are recognized as income over the term of the license period. Examinations revenue is recognized when the exam is administered. Interest revenue is recognized on an accrual basis. Other fee revenue is recognized as services are provided.

INSURANCE COUNCIL OF MANITOBA

Notes to Financial Statements

March 31, 2008

1. Nature of Business

The Council was created under the provisions of the Insurance Act (Manitoba) on October 17, 1991 and commenced activities on May 6, 1992. The purpose of the Council is to administer the examinations for and licensing of insurance agents in Manitoba. The Council is exempt from income taxes under section 149(1) of the *Income Tax Act*.

2. Change in Accounting Policy

On April 1, 2007, the Council retroactively adopted, without restatement of prior periods, CICA Handbook Section 3861, "Financial Instruments - Disclosure and Presentation", Section 3855, "Financial Instruments - Recognition and Measurement". Under these new standards, all financial instruments are included on the statement of financial position and are measured either at fair market value or, in limited circumstances, at cost or amortized cost.

In accordance with the provisions of these new standards, the Council's financial statements reflect an increase in long-term investments and an increase in unrestricted net assets of \$5,911 as of April 1, 2007.

3. Employee Benefits

The Council matches employee RRSP contributions. Employees may contribute up to 5.1 percent on the first \$35,400 of earnings and up to 7 percent on earnings thereafter up to the maximum level allowed under federal taxation regulations. The Council's contributions to employee RRSP's for the year ended March 31, 2008 were \$16,495 (\$16,894 in 2007).

4. Short-term Investments

	2008	2007
Bank of Montreal Money Market Fund	\$ 236,862	\$ 7,599

The fair value of the short-term investment approximates the carrying value.

INSURANCE COUNCIL OF MANITOBA Notes to Financial Statements

March 31, 2008

5. Long-term Investments

	2008 Fair Value	2007 Fair Value
Province of Manitoba Portfolio Allocation Notes, Series 1	\$ 30,479	\$ 34,161
Manitoba Builder Bonds, 3.80%, due June 15, 2007	-	149,813
Montreal Trust GIC, 4.00%, due August 1, 2007	-	30,632
Equitable Trust GIC, 3.70%, due September 20, 2007	-	20,375
Equitable Trust GIC, 3.75%, due September 14, 2007	-	20,611
Home Trust Company GIC, 3.70%, due October 22, 2007	-	55,797
Manitoba Builder Bonds, 3.25%, due June 15, 2008	49,910	54,684
Manitoba Builder Bonds, 4.25%, due June 15, 2008	59,844	49,356
Maple Trust GIC, 4.20%, due March 10, 2009	35,063	34,998
Canadian Western Bank GIC, 4.45%, due August 4, 2009	30,029	29,990
AGF Trust Company GIC, 4.89%, due August 4, 2009	32,253	-
AGF Trust Company GIC, 4.175%, due October 20, 2009	62,948	62,684
Manitoba Builder Bonds, 3.70%, due June 15, 2010	102,685	98,384
Manitoba Builder Bonds, 4.60%, due June 15, 2010	161,412	-
Wells Fargo Fin Canada, 3.60%, due June 28, 2010	42,549	-
Manitoba Hydro Bonds 4.35%, due June 15, 2011	49,944	50,000
AGF Trust Company GIC, 4.82%, due November 7, 2011	60,663	-
Bank of Montreal GIC, 4.50%, due June 14, 2012	69,511	69,719
	\$ 787,290	\$ 761,204

The investments are classified as held for trading and are recorded at fair market value. The investments are classified as long-term since it is the intent of the Council to reinvest the investments when they mature.

INSURANCE COUNCIL OF MANITOBA Notes to Financial Statements

March 31, 2008

6. Related Party Transactions

The Council and the Office of the Superintendent of Insurance of Manitoba (OSIM) levy fees on members. The Council acts as agent and remits 44 percent of license and other fees and 15 percent of examination fees to the OSIM. These amounts are not included in the financial statements. In 2008, this amount is \$597,609 (\$549,918 in 2007).

Included in accounts payable and accrued liabilities is \$nil (\$32,083 in 2007) payable to OSIM.

7. Capital Assets

	2008			2007		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Computer software	\$ 91,551	\$ 82,486	\$ 9,065	\$ 87,479	\$ 79,474	\$ 8,005
Furniture & fixtures	48,252	39,056	9,196	47,354	36,870	10,484
Computer hardware	98,497	82,555	15,942	93,109	76,877	16,232
	\$ 238,300	\$ 204,097	\$ 34,203	\$ 227,942	\$ 193,221	\$ 34,721

8. Transfer to Information Technology Reserve

In 2008, the Council adopted a motion to internally restrict an additional \$40,000 of accumulated net assets into the Information Technology Reserve. The reserve is accumulating for the use for future upgrades to the Council's information technology system.

	2008	2007
Information Technology Reserve, beginning of year	\$ 60,000	\$ 60,000
Change in internally restricted funds	40,000	-
Information Technology Reserve, end of year	\$ 100,000	\$ 60,000

INSURANCE COUNCIL OF MANITOBA

Notes to Financial Statements

March 31, 2008

9. Commitments

The Council leases equipment and office premises under the provisions of operating leases which expire up to November 2011. Commitments to expiry are as follows:

2009	\$	70,891
2010		70,371
2011		26,407

10. Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.





DEDICATED TO THE MEMORY OF



Lois Martene Fedak

1957 - 2007

