



Part of the Community

The following information is being provided to assist you in dealing with your customers who may call when 2007 industry profits are released.

Part of Your Community On Your Side



Dan Lawrie, President of Dan Lawrie Insurance Brokers Ltd. announced a \$125,000 personal donation to Mohawk's new concourse for Insurance and Financial Services

The Insurance Brokers Association of Thunder Bay and District raised \$16,000 for St. Andrew's Dew Drop Inn



DPM Insurance Group Donates \$4,500 to Chatham-Kent Women's Centre

IBAO Sponsors Promising Canadian Golfer, Richard Scott



Full stories on page 8



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Independent Brokers Supporting Local Economies

In an increasingly uncertain world, insurers and brokers continue to make vital and consistent contributions to the economy:

ONTARIO BROKERAGE FIRMS

...Ontario has a substantial number of brokerage firms

- While the number of independent insurance brokerage firms has decreased from 1,254 in 2004 to 1,221 in 2006, the number of licensed insurance brokers has increased from 14,556 to 15,351 brokers.

COMMUNITY STABILITY IN EMPLOYMENT

...Insurance industry has a significant degree of long term employment

- On average, principals within IBAO brokerage firms have spent 23 years in the insurance industry.
- All IBAO principals and employees, on average, have spent over 18 years in the industry, showing a high degree of community stability.

COMMUNITY AND PROVINCIAL PURCHASES

...There is a high degree of local and provincial spending in this sector

- The average IBAO broker employed in this sector purchases 87% of personal goods and services within their local community and approximately 90% within the Province of Ontario.
- The average IBAO brokerage firm purchases over 88% of its goods and services within their local community.

ONTARIO BROKERAGE PAYROLL & TAXES

...Individuals employed in the independent insurance distribution sector have a substantial impact on the economy in the Province of Ontario

- Total payroll for independent insurance brokerage firms in Ontario is in

excess of one billion dollars.

- The total annual income tax deducted by independent insurance brokerages is estimated to be in excess of 295 million dollars.
- Total residential property taxes paid by principals in independent brokerage firms in Ontario is estimated to be in excess of 7 million dollars.
- Total residential property taxes paid by employees of independent brokerage firms is estimated to be in excess of 43 million dollars.
- Total independent insurance brokerages pay over 51 million dollars in business taxes per annum.
- Total annual business property taxes paid by independent brokerage firms is 20 million dollars.

CHARITY AND COMMUNITY SERVICE INVOLVEMENT

...The independent insurance distribution sector participating in Ontario communities

- From 1,782 responses concerning community involvement, respondents listed 3,590 organizations in which they are involved with – an average of two per individual.

POLICYHOLDERS

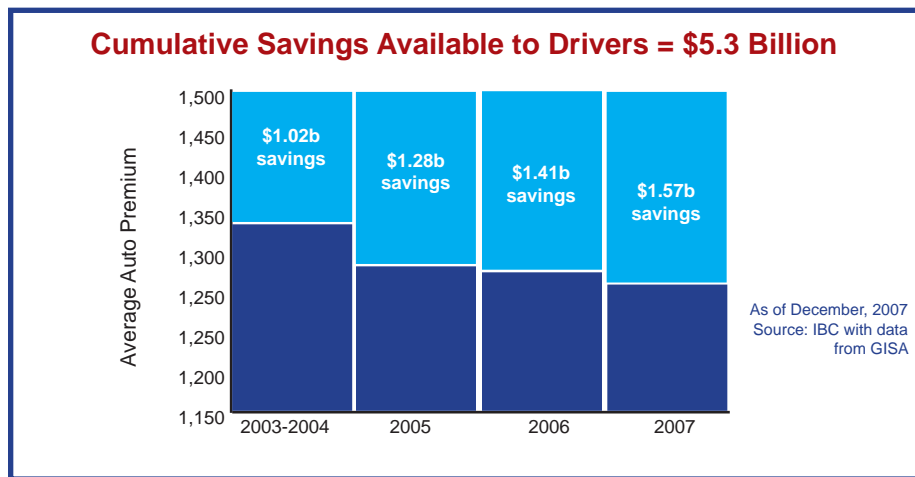
- Ontario brokers serve over 4.0 million policyholders; therefore, it is estimated that insurance brokers in Ontario serve over 7.1 million policyholders overall.

Healthy Industry = Savings for Drivers

The Canadian property and casualty insurance industry and its policyholders are undergoing a period of change. After years of declining or stable claims costs, home, car and business insurers are now seeing cost pressures in various lines of business across the country. As well, preliminary financial data indicates the industry's earnings declined in 2007.

So while Canadians have enjoyed the benefits of declining insurance costs in recent years, we are now seeing a shift in industry results.

Over the past five years, Ontario drivers have benefited from a healthy, competitive auto insurance marketplace. In consultation with stakeholders, cost-saving reforms introduced by government in 2003 have helped produce the most significant and sustained premium reductions in recent history. Since 2003, Ontarians have realized \$5.3 billion in cumulative auto insurance premium savings, a 10% decline.



Ontarians enjoy some of the most generous **benefits** of any auto insurance system in North America. These benefits are available to all Ontario drivers injured in a collision, regardless of who was at fault.

Claims costs are the major determinant of premium levels, and over the past year and a half, some disturbing claims trends have emerged. This requires urgent attention in order to maintain premium stability. The industry is committed to working with government to ensure that costs in the system continue to be managed effectively.

Industry Results in Context

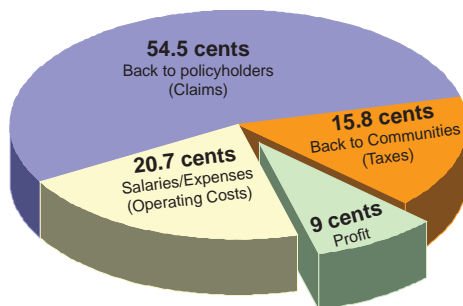
Insurance is a risky and cyclical business, with earnings fluctuating from year to year. In 2002, the industry posted its worst year on record with a return on equity (ROE) of less than 2%. ROE was historically high in 2004 and 2005, but the last two years have seen it move downward again.

Because of the **cyclical nature** of the business, industry results should be looked at over a longer period of time. For example, from 2001 to Q3 2007 (the latest period for which data is available), home, car and business insurers made **9.0 cents** for profit for every dollar they brought in from premiums and investment.

The Insurance Dollar

Where Does Your Money Go?

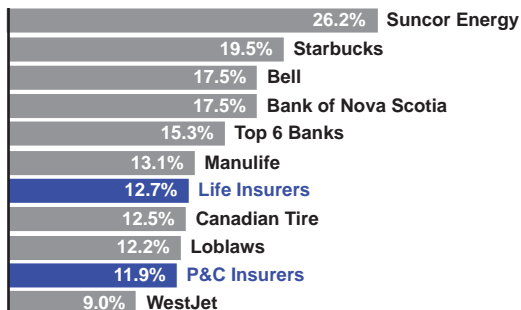
Source: IBC, MSA, A.M. Best, OSFI



When looked at in another way, as ROE, home, car and business insurers had reasonable returns compared to other industries.

Comparative 7-year Average R.O.E. 2001 to Q3 2007

Source: IBC, Companies' financial statements



As published by the federal regulator, Canada's 6 major banks made **\$11.3 billion** over the first three quarters of 2007, while Canada's federal home, car and business insurers made a total of **\$2.9 billion**. In all, more than **200** insurers operate in Canada, varying greatly in size and in the types of coverage they sell. In Ontario, there are more than **40** smaller, provincially incorporated companies that serve just the local market.

Auto Insurance - Many Voices, Tough Choices

In 2003, changes were made to Ontario's auto insurance system in order to bring runaway claims costs under control and ensure stable premiums for Ontario drivers.

With those reforms up for review in 2008, the province's trial lawyers have been asking government to weaken or remove the measures (a \$30,000 deductible on pain & suffering awards and verbal tort threshold) that have, in part, helped reduce and stabilize Ontario auto insurance premiums during the past four years.

What trial lawyers have failed to share are the following **facts about the auto insurance system**:

1. Ontarians enjoy the most generous package of benefits in the country to help them get better after an accident, regardless of fault.
2. Despite some restrictions on tort, the Ontario auto system paid out \$1.7 billion in 2006 in expenses and awards related to court settlements.
3. In addition to being able to sue an at fault driver, injured auto collision victims are eligible for up to \$100,000 in medical rehabilitation care, along with up to \$72,000 in attendant care benefits to help them heal from injuries.
4. The main reason why the deductible on pain and suffering awards was raised in 2003 was to take into account the effect of inflation in court settlements.
5. In most auto insurance court cases, 30-40% of the money awarded to the injured claimant is, in fact, paid to the claimant's lawyer.

What are Ontarians saying?

In January 2008, IBC commissioned a poll, conducted by POLLARA, to find out how Ontarians feel about this issue:

1. When asked if they wanted accident victims suffering minor injuries to have greater access to be able to sue at-fault drivers, only 40% of respondents said yes.
2. When told that it could increase their premiums by \$300-\$400, even fewer (only 20%) said yes.

Ontarians want to know that they will be taken care of if they are injured in a car accident, but very few think that the auto insurance system should give minor injury victims and their lawyers a financial windfall at the expense of increased premiums.

Going Forward

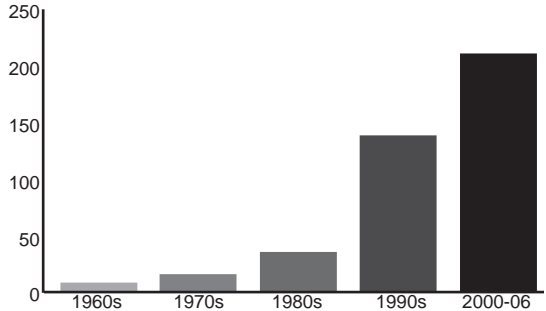
Coming Trends

Insurance claim settlements stemming from natural disasters have doubled every 5 to 10 years since the 1950's. Consequently, Canadian insurers have long been leaders in disaster management.

Global natural disaster insured losses (in billions \$US)

Insurance claim settlements from natural disasters have doubled world-wide every 5 to 10 years since the 1950s.

Source: ICLR, based on data from Munich Re



August 18, 2005 - Toronto G.T.A: Finch Ave. & Sentinel Rd. giant sinkhole opened that would take months and millions to repair.

Since August 2005, Ontario did not have to deal with any major disaster claims; while in prior years, from 2000-2005, insurer payouts exceeded \$1.3 billion.

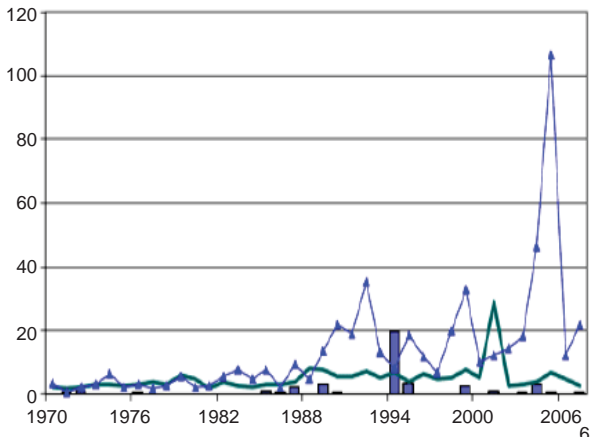
Insured Catastrophe Losses 1970-2007*

in USD bn,
indexed to 2007

*2007: provisional figures

Source: Swiss Re. *sigma* preliminary estimates of catastrophe losses in 2007

- Earthquake/tsunami
- Man-made disasters
- ▲ Weather-related Nat Cats



Part of Your Community On Your Side

Dan Lawrie, President of Dan Lawrie Insurance Brokers Ltd. announced a \$125,000 personal donation to Mohawk's new concourse for their Insurance and Financial Services

Photo Left to Right: Dan Lawrie, President, Dan Lawrie Insurance Brokers Ltd. and Marylynn West-Moynes, President, Mohawk College.

Dan Lawrie Insurance Brokers Ltd. announced a new partnership with Mohawk College at the company's successful 25th Anniversary Celebration. Over three hundred guests were on hand for the announcement by Dan Lawrie of a \$125,000 personal donation to Mohawk's new concourse for Insurance and Financial Services. This is a 3 million dollar project that will take Mohawk to a new level in education for the insurance industry.

In recognition of this donation, the DAN LAWRIE Insurance Learning Centre will be established and will be a place that will assist students in making the most of their learning experience and to reach excellence in all areas.

Dan Lawrie Insurance Brokers Ltd. also presented Mohawk with a \$12,500 donation that will be matched by the Government for a total bursary of \$25,000.

The Insurance Brokers Association of Thunder Bay and District raises \$16,000 for St. Andrew's Dew Drop Inn

Left to Right: Michael Chute, Sector Appeals Coordinator; Carole Normand, President Insurance Brokers Assoc. of Thunder Bay & District; Jack Mallon, Fundraising Chairman for the Dew Drop Inn and Mike Jones, Insurance Sector Chairman for the Dew Drop Inn Fundraising Committee.

St. Andrew's Dew Drop Inn has been providing Thunder Bay's less fortunate with soup, sandwiches and hot meals for almost 27 years and has recently been serving an average of 123 meals a day. The Insurance Brokers Association of Thunder Bay and District recently joined in the campaign to help raise funds. Through various inter-office challenges, each individual brokerage raised funds for this worthy cause. The local Affiliate agreed to match each office's donation up to a maximum of \$5,000. The association is very proud to have donated over \$16,000.

DPM Insurance Group Donates \$4,500 to Chatham-Kent Women's Centre

Representatives of DPM Insurance Group presented Patty Kelly, Executive Director, Chatham-Kent Women's Centre, with a cheque for \$4,500. With Kelly are DPM representatives, Ed Kys, Eloise Williscroft, Tim Ferriss, Doug Barnett and Bob Dillon.

Earlier in 2007, DPM Insurance Group held their 16th Annual Golf Tournament and donated \$7,000 to the Women's Centre.

IBAO Sponsors Promising Canadian Golfer, Richard Scott

IBAO announced the signing of a sponsorship agreement with Kingsville, Ontario golfer Richard Scott for the duration of the 2007 golf season.

Scott, 23, turned pro last November after having won three of the last four Canadian Men's Amateur Golf Championships, becoming only the sixth player in 102 years to win three titles. Following this win at the Canadian Amateurs, Scott took part in the World Amateur Team Golf Championships in South Africa, where he led Canada to a second overall finish by placing an impressive second individually.

"As insurance brokers, we are close to our communities, and supporting Richard is simply an extension of our support to a promising Ontario athlete," said IBAO CEO Randy Carroll. "We are very excited about this partnership."