



Working Towards Solutions

General Insurance
OmbudService



Service de conciliation en
assurance de dommages



2003/2004 • Annual Report

INDEPENDENCE OF THE GENERAL INSURANCE OMBUDSERVICE

The General Insurance OmbudService was incorporated on May 31, 2002 as a federal not-for-profit corporation funded by its members – property and casualty insurers and reinsurers. Although funded by its members, great care has been taken to ensure the independence of the General Insurance OmbudService.

The Board

The seven-member Board of Directors includes a majority of five independent members that are not affiliated with the P&C insurance industry. The other two directors represent the insurance industry.

The independent members of the Board meet stringent conflict of interest guidelines to ensure the public 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.

The GIO has established two Committees of the Board, the Standards Committee and Budget & Audit 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.

BOARD OF THE GENERAL INSURANCE OMBUDSERVICE



standing: Susan Yurkovich, Pierre Meyland, Margaret Graham (General Manager and Corporate Secretary), Diane Strashok
seated: Roger Smith, Lea Algar, George Anderson, Terence Donahoe

BOARD OF DIRECTORS

Independent Directors:

Lea Algar, CIP ***
Chair of the Board
Independent Director, Ontario Region
Consumer and Regulatory Affairs
Consultant
Thornhill, Ontario

Susan Yurkovich
Chair, Standards Committee
Independent Director,
British Columbia & Yukon
Management Consultant
Vancouver, British Columbia

Roger Smith, Ph.D.
Chair, Budget & Audit Committee
Independent Director, Prairies,
Northwest Territories and Nunavut
Professor Emeritus
& former Vice President (Research),
University of Alberta
Edmonton, Alberta

Pierre Meyland*
Independent Director, Quebec Region
Financial Affairs Consultant
St. Lambert, Quebec

Terence Donahoe, LL.B.,
D.Ed. (Hon.), D.C.L. (Hon.)**
Independent Director, Atlantic Region
Vice President, Positive Impact
Halifax, Nova Scotia

Industry Directors:

George D. Anderson,
CM, MA, LL.D**
Professor of Leadership
St. Francis Xavier University
Antigonish, Nova Scotia

Diane Strashok*
President & CEO
Peace Hills General Insurance
Company
Edmonton, Alberta

Endnotes

- ***Ms. Algar is Chair of the Nominating Committee.
She is also ex-officio member of the Standards and Budget & Audit Committees.
** Member of Standards Committee
* Member of Budget & Audit Committee

A MESSAGE FROM THE CHAIR

I am pleased to present the second Annual Report of the General Insurance OmbudService. GIO is part of a larger network, the Centre for Financial Services OmbudsNetwork (CFSON) that also comprises the Canadian Life and Health Insurance OmbudService, and the Ombudsman for Banking Services and Investment. The CFSON offers a single window for consumers to access the three OmbudServices and it is the protocol and standards setting organization. GIO's dispute resolution protocol and standards for complaint handling comply with those of the CFSON.

Last year we identified that going forward our top priority would be to build on the core values that make our dispute resolution process work so well. We started with the most important – reaching out to make people more aware and knowledgeable about our role, responsibilities and mission. To do this, we've undertaken an enhanced public relations program and are already seeing benefits from our efforts.

We have improved the visibility of our web site which has resulted in an increase in the number of visitors, with the added benefit that many consumers are now accessing our regional services by completing a complaint form on-line. Becoming a well-known service takes time and we will continue these activities.

We are pleased to be working closely with the provinces. Alberta has developed new legislation relating to automobile insurance. Although GIO operates in Alberta, it does not currently deal with complaints/disputes about pricing. However, the make-up of Alberta's new rating system is such that mediation could be used to resolve disputes about premium charges. GIO representatives met with officials of the Alberta government to discuss how GIO might be able to extend its services in that province to provide the dispute resolution services contemplated in the

proposed legislation. These discussions have been positive and are ongoing. We expect that consumers in Alberta will soon be able to rely on GIO's services within the provincial automobile insurance regulatory environment.

In Quebec, representatives from the CFSON and the three OmbudServices are presently working with l'Autorité des marchés financiers, the new regulator of the financial sector, to determine the role of the CFSON and the OmbudServices within Quebec's regulatory framework. L'Autorité's role includes receiving complaints and offering dispute resolution services. We are optimistic that we will be able to continue to assist general insurance consumers through our dispute resolution service.

Our member companies have once again demonstrated their commitment to high standards of consumer service. The total number of complaints was lower than the previous year.

Of the over 2,000 calls to which our Consumer Service Officers responded during the year, many were from customers looking for more information or confirmation of facts relating to their inquiry. Only 54 developed into GIO cases and of these only 32 applied for mediation.

Our process is working. For this we thank our members for doing their part and our consumer service officers who are doing a tremendous job.

I would like to thank my fellow board members for their hard work and dedication and extend special thanks to the Chairs of the Standards Committee and the Budget and Audit Committee.

Going forward... As always, consumers are our priority. We will continue our work on raising public awareness of GIO, its role, responsibilities and commitment. We are mindful of the



important responsibility entrusted in us and we are committed to working with all our stakeholders - consumers, member companies and governments to enhance industry best practices relating to service standards and consumer complaint handling procedures. Our dedication to providing the most effective and efficient service possible to consumers and to our members has been further strengthened over this past year. We are now poised to reach out further upon the foundation of the success we have built to date.

A handwritten signature in black ink that reads "Lea Algar". The signature is fluid and cursive, with the first letters of "Lea" and "Algar" being larger and more prominent.

Lea Algar
Chair
General Insurance OmbudService

GENERAL INSURANCE OMBUDSERVICE. WHAT WE DO AND HOW WE DO IT.

Our Standards

We are committed to standards of excellence that reflect our core principles and values in consumer complaint handling practices, which include:

- Being accessible to insurance consumers across the country;
- Communicating our role and services to consumers;
- Providing timely service based on fairness, impartiality, confidentiality and respect;
- Maintaining independence and objectivity;
- Upholding the highest standards of accuracy and consistency of information; and
- Respecting the privacy of consumers.

One of our most important priorities is to build consumer and insurer confidence in GIO's dispute resolution process by promoting the development of industry best practices and service standards in complaint handling.

As a GIO membership requirement, companies must have internal policies and procedures in place for handling and resolving consumer complaints. This internal process must reflect the service standards developed by the Financial Services OmbudsNetwork (CFSON) and endorsed by the GIO Board of Directors.

Accessibility: Consumers should be able to readily contact their insurance company to initially convey and subsequently pursue their concerns.

Timeliness: Consumer inquiries should receive prompt initial acknowledgement and expeditious replies in keeping with the nature and complexity of their concerns.

Courtesy: All interactions with consumers should be characterized by respect, civility and politeness.

Clarity: Communications with consumers should be easily understandable with the use of plain language.

Accuracy: Communications with consumers should be substantively correct.

Consistency: Consumers with similar concerns should be dealt with in a similar manner.

CONSUMER ASSISTANCE AND DISPUTE RESOLUTION

GIO supports the industry first approach. Our member companies have the opportunity and responsibility to try to resolve their customers' complaints first. Each company has appointed a complaints officer and has a complaints process in place.

The policyholder must first try to settle their complaint by working with the company's internal complaint procedures. This involves clarifying the issues and all of the pertinent facts in dispute. At the end of the initial complaint process, the insurance company issues a final letter of position explaining how it proposes to resolve the complaint. If the complainant is not satisfied with the proposed settlement, the consumer can access GIO's process.

The two steps to the GIO's complaint handling process are consumer assistance and dispute resolution.

Consumer assistance

GIO offers its service through five regional offices (Atlantic Provinces, Quebec, Ontario, the Prairies, and British Columbia). At each office, consumers can speak with a knowledgeable Consumer Service Officer (CSO) who will help the consumer by discussing the complaint, providing information or contacting the company on the consumer's behalf. If the consumer has not completed the company process, the CSO will guide them to the complaint liaison officer at their company. If the dispute cannot be resolved by the CSO, the consumer can apply for dispute resolution under the GIO process.

Dispute resolution process

GIO's process starts when the consumer contacts the GIO with details of the dispute. If the dispute falls within GIO's mandate for mediation, the consumer is asked to sign a Consumer Complaint Registration Form for Mediation Service, or submit a written mediation request.

The CSO assists the consumer in selecting a professional mediator provided by the ADR Institute of Canada Inc., or, in Quebec, by the Barreau du Québec. Once all the necessary documents are received, this neutral mediator facilitates a free 90-minute mediation session between the consumer and a representative from the insurance company.

While there is no charge to the consumer for a 90-minute mediation session, the

CONSUMER ASSISTANCE AND DISPUTE RESOLUTION *CONTINUED*

consumer is required to cover his/her expenses and those of their representative(s) to attend the mediation.

The mediator is obliged to complete the mediation and submit a report to the consumer, the insurance company, and GIO's Corporate Secretary within 30 days of receiving the mandate to mediate.

At the end of the mediation session, if the dispute remains unresolved with both parties unable to reach a mutual agreement for settlement, the mediator prepares a report with recommendations that are not binding on either party.

Under special circumstances, a process review may be conducted to ensure that GIO's operating standards of fairness, impartiality, objectivity and confidentiality

have been respected in the mediation session, and/or when unusual circumstances may have affected the mediation process.

Consumers do not surrender their legal rights by participating in GIO's mediation process. Consumers can pursue other dispute resolution options ranging from arbitration to litigation if they are dissatisfied with the outcome of GIO's mediation process.

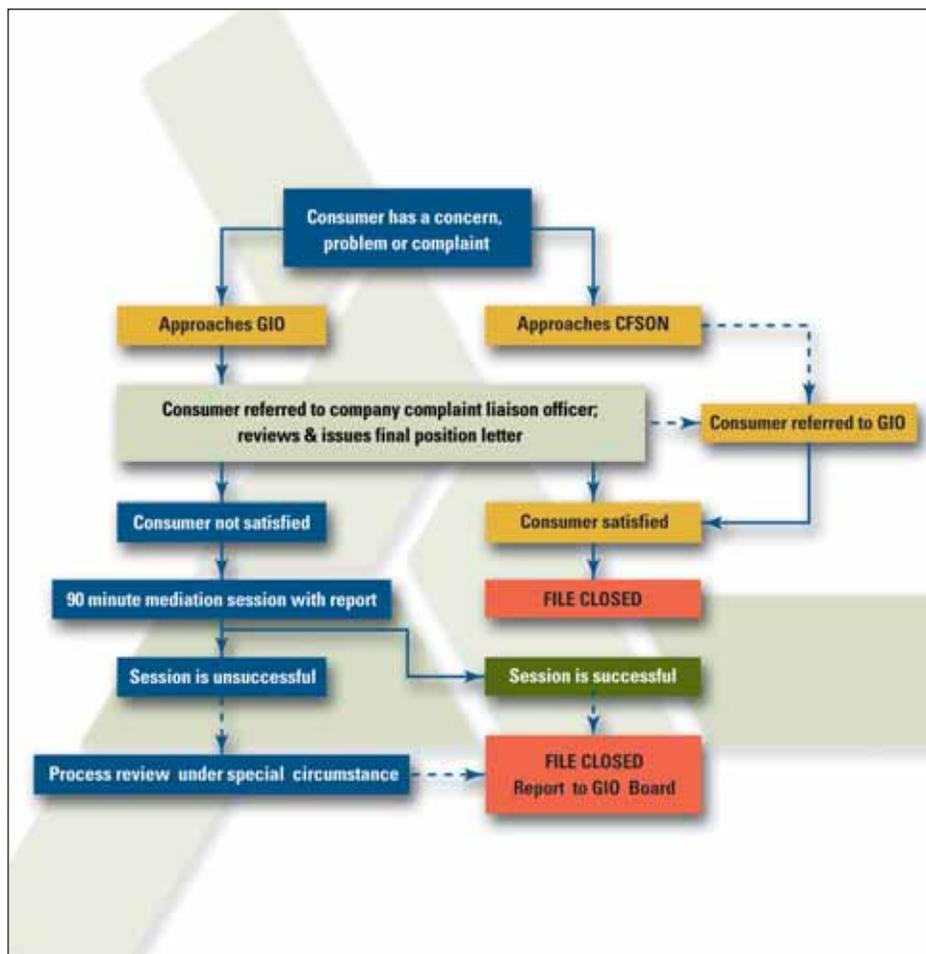
However, to respect the confidentiality of the mediation process and to engender an open cooperative spirit, the consumer, the insurance company representative, and the mediator, are obliged to sign a Mediation Agreement wherein the parties agree that the discussions among the parties will not be used in subsequent legal or regulatory proceedings.

The Process

GIO's dispute resolution process is independent and impartial. Professional mediators from the ADR Institute of Canada and in Quebec, the Barreau du Québec conduct the mediation sessions. The mediator acts as a facilitator to help the policyholder and the insurance provider resolve their dispute.

Where mediation is unsuccessful, the mediator prepares a report that is non-binding on either party.

There is no appeal to the Board on the outcome of mediation. However, in exceptional circumstances, a process review may be conducted to ensure that GIO's operating standards of fairness, impartiality, objectivity, and confidentiality have been respected in the mediation session, and/or when unusual circumstances may have affected mediation. The ADR Institute of Canada conducts this process review.



THE MEMBERS

Membership in GIO is available to all federally regulated property and casualty (P&C) insurers, including re-insurers and companies in run-off, to comply with the obligations of the Insurance Companies Act. Several 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; re-insurers; companies in run-off, 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 of the insurance industry.

At fiscal year end 2003/04, GIO had 135 member companies, as follows:

ACE INA Insurance
Affiliated FM Insurance Company
AIG – American Home Assurance Company
AIG – Commerce & Industry Insurance Company of Canada
AIG – Transatlantic Reinsurance Company
Alea Europe Ltd.
Allianz Canada – Allianz Insurance Company of Canada
Allianz Canada – Trafalgar Insurance Company of Canada
Allstate Insurance Company
Allstate Insurance Company of Canada
Allstate – Pembroke Insurance Company of Canada
American Agriculture Insurance Company –
D.M. Williams & Associates Ltd.
American Re-Insurance Company
American Road Insurance Company
Aviation and General Insurance Company Ltd.
Aviva Insurance Company of Canada
Aviva – Elite Insurance Company
Aviva – NewRotterdam Insurance Company N.V.
Aviva – Nipponka Insurance Company, Limited
Aviva – Pilot Insurance Company
Aviva – Scottish & York Insurance Co. Limited
Aviva – S & Y Insurance Company
Aviva – Traders General Insurance Company
AXA Insurance (Canada)
AXA Anglo Canada General Insurance Company
AXA Assurances Inc.
AXA Corporate Solutions Assurance
AXA Pacific Insurance Company

AXA RE
Boiler Inspection and Insurance Company of Canada
British Aviation Insurance Company
Canadian Direct Insurance Incorporated
Cavell Insurance Company Limited –
D.M. Williams & Associates Ltd.
Centennial Insurance Company
Certas Direct Insurance Company
Chubb Insurance Company of Canada
Chubb Insurance – Federal Insurance Company
Chubb Insurance – Mitsui Sumitomo
Insurance Company Limited
Citadel General Assurance Company
Citadel – L'Unique compagnie d'assurance
Commonwealth Insurance Company
Co-operators – COSECO Insurance Company
Co-operators – General Insurance Company
Co-operators – Sovereign General Insurance Company
Cologne Reinsurance Company – D.M. Williams & Associates Ltd.
Continental Casualty Company
Dominion of Canada General Insurance Company
Eagle Star Insurance Company Limited
Ecclesiastical Insurance Office plc
Economical Insurance – Economical Mutual Insurance Company
Economical Insurance – Federation Insurance Company of Canada
Economical Insurance – La compagnie d'assurance Missisquoi
Economical Insurance – Perth Insurance Company
Economical Insurance – Waterloo Insurance Company
Employers Insurance Company of Wausau
Employers Reinsurance Corporation
Equitable General Insurance Company
Euler American Credit Indemnity
Factory Mutual Insurance Company
Federated Insurance Company of Canada
Folksamerica Reinsurance of Canada
GE Reinsurance Corporation – D.M. Williams & Associates Ltd.
General Reinsurance Corporation
Gold Circle Insurance Company
Grain Insurance and Guarantee Company
Great American Insurance Company
Great American Insurance Company of New York
Guarantee Company of North America
Hannover Ruckversicherungs AG – D.M. Williams & Associates Ltd.
Hartford Fire Insurance Company
ING Insurance Company of Canada
ING – Novex Insurance Company of Canada
ING – The Nordic Insurance Company of Canada
Jevco Insurance Company
Le Mans Ré
Legacy General Insurance Company
Liberty Insurance Company of Canada
Liberty Mutual Fire Insurance Company
Liberty Mutual Insurance Company
Lloyd's
Lombard Canada – Lombard General
Insurance Company of Canada
Lombard Canada – Lombard Insurance Company

Lombard Canada – The Tokio Marine &
Fire Insurance Company Ltd.
Lombard Canada – Zenith Insurance Company
London and Midland General Insurance Company
Lumbermen's Underwriting Alliance
Metro General Insurance Corporation Ltd.
Millennium Insurance Corporation
Motors Insurance Corporation
Munich – Temple Insurance Company
Munich Reinsurance Company of Canada
National Liability & Fire Insurance Company
NCMIC Insurance Company – D.M. Williams & Associates Ltd.
Netherlands Reinsurance Group NV
NRG Victory Reinsurance Limited
Odyssey America Reinsurance Corporation (Canadian Branch)
Old Republic Insurance Company of Canada
Partner Re SA
Peace Hills General Insurance Company
Personal Insurance Company of Canada
Progressive Casualty Insurance Company
Protective Insurance Company
Providence Washington Insurance Company
ReliaStar Life Insurance Company –
D.M. Williams & Associates Ltd.
Royal & Sun Alliance Canada
Royal & Sun Alliance – Quebec Assurance Company
Royal & Sun Alliance – Ascentus Insurance Ltd.
Royal & Sun Alliance – Western Assurance
SCOR Canada Reinsurance Company
Security Insurance Company of Hartford
Sompo Japan Insurance Inc.
St. Paul Fire and Marine Insurance Company Inc.
St. Paul Guarantee Insurance Company
State Farm Mutual Automobile Insurance Company
Stewart Title Guarantee Company
Swiss Re – Canadian General Branch
Swiss Re – Italia Canadian Branch
Swiss Re – North American Specialty Insurance Company –
Canadian Branch
Swiss Re – Swiss Reinsurance Company of Canada
T.H.E. Insurance Company
TD Meloche Monnex Inc. – Primum Insurance Company
TD Meloche Monnex Inc. – Security National
Insurance Company
TD Meloche Monnex Inc. – TD Direct Insurance Inc.
TD Meloche Monnex Inc. – TD General Insurance Company
TIG Insurance Company
Toa Reinsurance Company of America (The)
Travelers Casualty and Surety Company of Canada
Travelers Indemnity Company
United States Fidelity & Guaranty Company
Utica Mutual Insurance Company
Virginia Surety Company, Inc.
Wawanesa Mutual Insurance Company
XL Insurance Company Limited
Zurich Insurance Company
Zurich Insurance Company – Alpina Insurance Company Ltd.

WHO CAN USE GIO AND WHEN?

Any home, car or business insurance policyholder who has a concern, problem or dispute with a GIO member company can use the service. The types of consumer complaints that GIO generally deals with include claims related matters, procedures, delays, unsatisfactory settlement amount, denial of claim and interpretation of policy coverage.

Some matters are beyond the scope of GIO mediation. These include:

- The cost of insurance and rates;
- The terms and conditions of the insurance policy purchased by the consumer;
- Dispute settlement procedures as required by law or designated regulatory authorities;
- Matters that have been, or are, before the courts.

GIO's experienced Customer Service Officers will review a matter to determine if the company acted appropriately, verify those situations that GIO's dispute resolution services do not apply and discuss other options available to the consumer.

GIO's services provide consumers with an alternative solution to the courts. The primary objective is to resolve disputes easily, efficiently, and equitably. It is our hope that this process will also increase the confidence and satisfaction of insurance consumers by empowering them to participate in the dispute resolution process with their insurance company. Finding a mutually agreeable solution in a confidential, non-confrontational, and cost-effective manner is a benefit to all participants.

COMMUNICATING GIO'S SERVICES – GETTING OUR MESSAGE ACROSS

GIO's major objective is to educate the public on its role as a national, bilingual, integrated, consumer assistance service for customers of member companies providing home, car or business insurance. Several initiatives in 2003-2004 have contributed to this objective and include:

- Expanded bilingual consumer-focused web site (www.gio-scad.org) with an online complaint form and access to a Communications Centre for media materials. The GIO web site currently receives nearly 600 viewers in an average month, and is growing as programs are designed to enhance its functionality.
- Development of news releases and other materials, that share information on GIO's services.
- Distribution of these materials to both GIO stakeholders and nationally targeted, consumer-focused media.

- Media interviews with newspapers, consumer magazines and industry trade publications about GIO's role and services.
- Development of a Customer Satisfaction Survey for consumers to provide feedback on GIO and its delivery of dispute resolution services.

As GIO moves forward with its public education campaign and communications initiatives, we will broaden our efforts to reach out to consumers and consumer groups to explain our role and services. We will continue to develop plain-language information for consumers. We will also develop materials to support the continuing training requirements of our members.



STATISTICAL SUMMARY FOR 2003-2004

Consumer service officers across Canada handled 2,255 calls from May 1, 2003 to April 30, 2004 resulting in 54 GIO cases.

- 14 were settled at the company level prior to mediation
- 32 went forward to mediation (28 completed; 4 pending or underway)
- 8 files were closed at the consumer's request

A table illustrating the regional breakdown of call activity on the basis of aggregate data is provided below.

Regional Case Activity Report May 1, 2003 - April 30, 2004

	BC	Prairies	Ontario	Quebec	Atlantic	Total
Total Calls	81	89	1823	150	112	2255
GIO Case History						
Cases Settled At Company Level	3	5	1	5	0	14
Mediation Cases Completed	1	1	19	7	0	28
Mediation Cases Pending/Underway	0	0	2	2	0	4
Files Closed At Customer's Request	4	2	1	1	0	8
Total Cases	8	8	23	15	0	54

2003-2004 ACTIVITY RESULTS

Of the 28 mediations held during the year – 23 were successful; 1 was partially successful; 2 negotiations between parties were continuing; 2 were not successful and non-binding recommendations issued. The majority of consumer complaints that proceeded to mediation were related to claims and fell within the following general insurance categories.

Personal Auto:

- 6 Quantum (amount/value of loss)
- 3 Coverage (exclusions/limitations of policy)
- 2 Theft (replacement value of loss)
- 2 Repairs (quality and cost of repair)
- 1 Taxes
- 1 Policy Cancellation (notice)

Personal Property:

- 10 Quantum (amount/value of loss)
- 1 Theft (replacement value of loss)

Surety:

- 1 Real Estate

Commercial Auto:

- 1 Coverage (exclusions/limitations of policy)



CONCLUSION

GIO is poised to build on the strong foundation established during the first years of operation.

We are committed to ensuring our dispute resolution process services are carried out in a most efficient and cost effective manner; in keeping with responsible and sound management practices.

The GIO Board will continue to seek feedback from consumers, GIO member companies and stakeholder

groups, to assess and improve our organization's performance in the coming year.

In addition, GIO will continue to work with the CFSON and the industry-level dispute resolution organizations – the Canadian Life and Health Insurance OmbudService (CLHIO) and the Ombudsman for Banking Services and Investments (OBSI), to communicate our common mission and commitment to enhance industry complaint handling processes.

Finally, the Board will continue to monitor developments in provinces where proposed legislative reforms would impact the property and casualty insurance industry or the handling of consumer complaints.

We remain confident that the strong model of government-industry cooperation in complaint resolution, as envisioned by industry and government regulators, will continue to serve consumers in resolving complaints and facilitating information sharing.

Where is the General Insurance OmbudService?

General Insurance OmbudService has offices all across Canada. For help with problems with your insurance company, call General Insurance OmbudService at:

British Columbia and Yukon

toll free:
1.877.772.3777
or:
604.684.3635

Prairies, Northwest Territories & Nunavut

toll free:
1.888.421.4212
or:
780.421.8181

Ontario

toll free:
1.877.225.0446
or:
416.644.4968

Quebec

toll free:
1.800.361.5131
or:
514.288.6015

Atlantic Provinces

toll free:
1.800.565.7189
or:
902.429.2730

~ www.gio-scad.org ~

General Insurance
OmbudService



Service de conciliation en
assurance de dommages



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Internet www.kpmg.ca

AUDITORS' REPORT

To the Members of the General Insurance Ombudservice

We have audited the statement of financial position of the General Insurance OmbudService as at April 30, 2004 and the statement of operations and changes in general fund balance for the year then ended. These financial statements are the responsibility of the General Insurance OmbudService 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 General Insurance Ombudservice as at April 30, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Accountants

Toronto, Canada
May 14, 2004

GENERAL INSURANCE OMBUDSERVICE

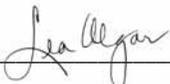
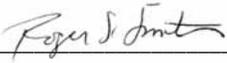
Statement of Financial Position

April 30, 2004, with comparative figures for 2003

	2004	2003
Assets		
Current Assets		
Cash	\$ 435,243	\$ 332,472
Accounts Receivable	-	73,943
Accrued Interest	-	2,681
Prepaid Expenses	3,745	-
	<u>\$ 438,988</u>	<u>\$ 409,096</u>
Liabilities and General Fund Balance		
Current Liabilities		
Due to Insurance Bureau of Canada (note 2)	\$ 241,800	\$ 219,370
Accrued Expenses	57,141	62,450
	<u>298,941</u>	<u>281,820</u>
General Fund Balance	140,047	127,276
Commitments (note 5)		
	<u>\$ 438,988</u>	<u>\$ 409,096</u>

See accompanying notes to financial statements.

On behalf of the Board:

 Director  Director

GENERAL INSURANCE OMBUDSERVICE

Statement of Operations and Changes in General Fund Balance

Year ended April 30, 2004, with comparative figures for the period from date of incorporation on May 31, 2002 to April 30, 2003

	2004	2003
Revenue:		
Member Assessments	\$ 1,092,537	\$ 1,096,230
Interest	13,886	2,682
	<u>\$ 1,106,423</u>	<u>\$ 1,098,912</u>
Expenses:		
Centre for the Financial Services OmbudsNetwork (note 4)	\$ 502,570	\$ 83,941
Regional Consumer Centre	221,800	128,835
Professional Services	113,064	89,935
Board of Directors	109,058	98,374
Office and Administration	69,824	25,855
Salaries and Benefits	42,128	-
Public Affairs	17,865	75,000
Information Technology	17,343	-
Start-up Costs (note 3)	-	389,696
Corporate Secretariat Services	-	80,000
	<u>1,093,652</u>	<u>971,636</u>
Excess of revenue over expenses	12,771	127,276
General fund balance, beginning of period	127,276	-
General fund balance, end of period	<u>\$ 140,047</u>	<u>\$ 127,276</u>

See accompanying notes to financial statements.

GENERAL INSURANCE OMBUDSERVICE

Notes to Financial Statements

Year ended April 30, 2004

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 and reinsurers that are members of GIO. GIO was incorporated and began operations on May 31, 2002.

1. Significant accounting policies:

(a) Basis of presentation:

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 period. Actual results could differ from those estimates.

A statement of cash flows is not presented, as it would not provide any additional meaningful information.

(b) Revenue recognition:

GIO derives its revenue primarily through assessment fees. Fees are recognized as revenue in the membership year to which they relate.

2. Due to Insurance Bureau of Canada:

During 2004, certain operating costs totaling \$241,800 (2003 - \$359,835) were incurred by the Insurance Bureau of Canada on behalf of GIO, and these costs have been charged to GIO at cost.

3. Start-up costs:

Certain costs incurred during the initial organization of GIO were classified as start-up costs in 2003 and were comprised of the following:

Centre for the Financial Services OmbudsNetwork	\$ 289,679
Public Affairs	58,000
Travel	13,091
Printing	10,937
Board of Directors	7,693
Translation	4,136
Meeting and training	2,032
Office administration	2,523
Consulting	1,605
	<hr/>
	\$ 389,696

4. Related party transactions:

The Centre for the Financial Services OmbudsNetwork ("CFSON") provides Canadian financial services consumers with a single point of access to independent and impartial complaint resolution services in the banking, life and health insurance, general insurance, securities and mutual funds industries. GIO is the general insurance ombudservice under the CFSON umbrella.

During 2004, GIO was allocated \$502,570 (2003 - \$373,679) in costs by CFSON. In 2003, \$289,679 of these costs were allocated to start-up costs (note 3).

5. Commitments:

GIO is committed to payments under an agreement for the provision of support, infrastructure and lease costs through July 31, 2005 in the amount of \$73,500. Annual payments are \$58,800 in 2005 and \$14,700 in 2006.