

Insurance
Spring 2009 edition

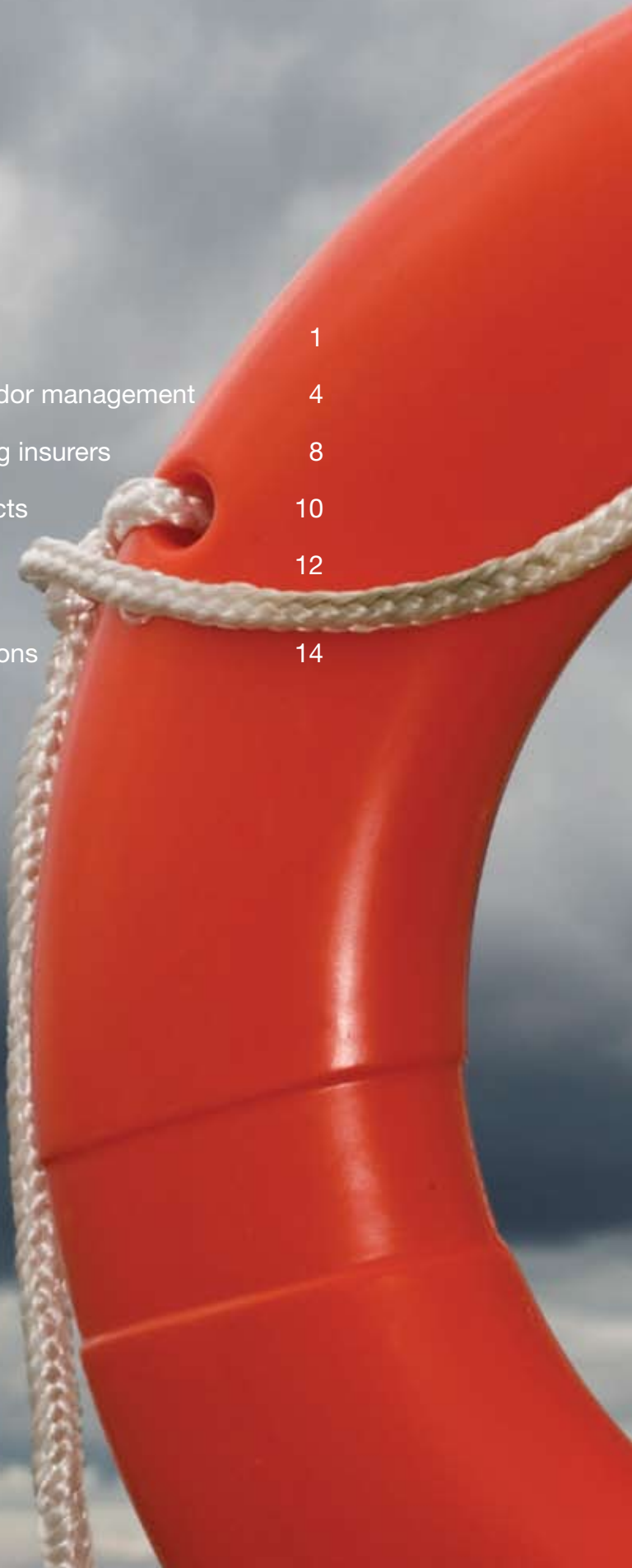
Managing risks and variables in uncertain times

Insurance Review: A Canadian perspective



Contents

Managing fraud risk in a time of economic crisis	1
Driving performance and value through strategic vendor management	4
Ontario sales tax harmonization—The variables facing insurers	8
Global insurance CEOs confident about their prospects	10
Insurance Banana Skins 2009— Identifying the risks insurers face	12
Recent PricewaterhouseCoopers insurance publications	14



Managing fraud risk in a time of economic crisis

As often happens in times of economic distress, the risk of fraud—both internal and external is greater than it has been in a number of years. Many insurers already have controls and systems in place to identify, monitor, and manage fraud risk, and to protect themselves, their policyholders, and their shareholders from these risks. However, the current environment will put those measures to the test.

Economic downturns historically feature increased risk of fraud-related losses. Insurers need to focus on the leading sources of fraud, both internal and external, including policyholders, business partners, and employees.

Perhaps the most common fraud risk comes from false claims made by policyholders; for example, homeowners who have over-leveraged the equity in their houses. Falling housing values in Ontario, Alberta and British Columbia particularly at the higher-end of the price spectrum in more expensive city markets, mean that some homeowners currently

possess property that is worth less than what they owe on the mortgage. Unscrupulous owners may try to cover losses through insurance claims, and second homes and investment properties are especially at risk of arson or other criminal actions. The risk is not only from homeowners: small business owners, unable to obtain credit, may resort to arson or false claims to raise money.

Business partners provide another source of fraud risk

In recent years insurers, like many other financial institutions, have outsourced some of their basic functions. They hire third-party administrators (TPAs) to process claims, rather than handle them in-house. Often they grant TPAs effective control over the company's cheque book as a means of expediting claims payment. In such circumstances, TPAs could use the insurer's funds to cover their own operating costs or debt payments.

Insurers also have retained managing general agents (MGAs), especially for specialized lines or 'program business' in which they lack in-house expertise. However, MGAs could apply underwriting guidelines more loosely to under-price new business in order to make sales. In two or three years' time (when claims begin to flow), the MGA and the company's commissions may be gone. There is also a risk that MGAs delay reporting claims and slow premium transfers to take advantage of the float.

Because retail agents operating on commission make most insurance sales, they face the temptation to skirt guidelines to increase sales. There have even been cases in which agents have created false statement balances for their customers, with the agent pocketing the money, or collude in false valuations. In the life insurance industry, with the huge drop in the equity markets, there will surely be policyholders claiming that they did not understand the risks in the variable policies they were sold.

Other business partners, such as investment managers, also could engage in fraud for their own ends. People whose incomes are tied to performance may not want to see their income drop too far.

An insurer's own employees present another source of fraud risk

They may be in financial distress because of investment losses, excessive debt, or reduced income. Even senior executives may be at risk. Some executives may have lost a significant portion of their personal wealth or seen their life savings evaporate. In addition, some executives may have purchased second or third homes as investments, and over extended themselves. Their personal situation may lead them to fraudulent behavior, including the acceptance of bribes or embezzlement, 'borrowing' from the till, if only until their circumstances change. Directors should remember that, no matter how strong their company's controls are, many executives often have the ability to circumvent those controls.

A recent PricewaterhouseCoopers survey of insurance company directors and executives found that the boards of directors at 93% of the respondents have not determined whether any of the top five or ten executives in their company are currently in significant personal financial distress. In three years' time, will directors be accused of being aware of this risk but be unable to demonstrate that they responded to it?



Insurers need to take proactive steps to identify, monitor, and mitigate fraud risk from all common sources.

- In light of the high risk of policyholder fraud, insurers need to carefully monitor property claims for evidence of arson or other malfeasance. This is especially true for residences with overextended owners or businesses that are failing. Some of this is common sense: a fire at a failing business that has recently increased its coverage limits should automatically raise red flags and spur closer investigation;
- Insurers need to make certain that they have maintained rigor in executing sales compliance, and monitor sales efforts by agents and MGAs;
- Insurers need to prevent other business partner fraud by monitoring TPA claims processing and expenditures, and carefully examining MGA activities to make certain that guidelines are being followed. Insurers should not take it for granted that adequate controls are in place or that controls that worked historically will continue to operate effectively; and

- Employees, including senior executives, should not be exempt from scrutiny, both before and after hiring. Insurance company boards should make certain that their financial and operating controls are robust and cannot be circumvented by any one individual. Even in today's control-focused world, a single highly placed executive may be able to override systems or approve contracts or claims.

Since internal theft is usually covered by directors' and officers' insurance, the real loss in cases of employee fraud is in reputation and a loss of the company's credibility. That cannot be insured against, so strong steps are needed to preserve it.

Better screening during hiring, identification of at-risk employees through credit and background checks, and automated approval systems can help reduce the risk of internal fraud.

Strong conflict of interest policies can reduce the opportunity for fraud. In addition, employee assistance programs—including something as basic as a helpline for individuals who may be experiencing financial distress—can help provide overextended employees with the help they need to avoid the temptation to defraud the company.

In many cases, the losses caused by fraud will come when they are least expected

Since these threats are both internally and externally generated, the solutions must be directed at identifying and neutralizing potential threats from both sides of the fence—something that insurers, reluctant to alienate customers, employees, or business partners, have been historically reluctant to do. But the implications of the threat to reputation, credibility and profitability mean that insurers should take proactive steps to protect against fraud.

If you would like to discuss the issues raised, please speak to your PricewaterhouseCoopers representative or contact:

Audit and Assurance

Claire Cornwall
Partner
416 869 2867
claire.cornwall@ca.pwc.com

Risk Advisory

Dorothy Sanford
Partner
416 869 2353
dorothy.a.sanford@ca.pwc.com

Investigations and Forensic Services

Steven Henderson
Partner
416 941 8328
steven.p.henderson@ca.pwc.com

Driving performance and value through strategic vendor management

As companies face increasing pressure to reduce costs and improve productivity and efficiency, many are looking to outsource functions and leverage third party vendors. As a result, large organizations often have hundreds of vendor relationships to manage. Increasingly, these relationships are drawing scrutiny from regulators, boards of directors and internal/external auditors. With this increasing dependence on vendors, it can be challenging for organizations to effectively monitor and manage these relationships.

Organizations seeking to realize the intended value of their outsourcing arrangements must take a holistic look at their vendor relationships and develop an effective vendor management program. Leading organizations are implementing Vendor Management Frameworks to provide structure, consistency, accountability and controls over vendor management activities. The framework forms the foundation from which vendor management activities are driven by linking strategy, policies and processes together. The framework would generally consist of the following elements:



Vendor Management Strategy

Establishes the context, strategy, objectives and guiding principles upon which the framework is based.

Vendor Management Policy

Defines the expectations and policy requirements of the framework.

Governance

Articulates organizational structures and reporting lines for the day-to-day execution and management of vendor management activities.

Process and Controls

Describes the activities through which the policies will be applied, defining process flows, accountabilities and activities to ensure that vendor management activities are conducted in a consistent manner. Identifies critical vendor management risks and controls for managing these risks.

Roles and Responsibilities

Communicates the specific roles and responsibilities of all stakeholders involved in the vendor management lifecycle.

Performance Reporting

Defines the reporting standards, tools and templates to be used to monitor a vendor's performance and ongoing viability, identifying emerging vendor specific risks and enforce vendor management activities.

Enabling Technology

Outlines the systems and infrastructures required to enable vendor management processes, including reporting, that are compliant with the framework and policies.

Each element of the framework is dependent on other elements. If these dependencies are not sufficiently incorporated in the vendor management program, organizations may miss significant requirements. For example, without clearly articulating performance reporting requirements, the company may adopt inadequate enabling technologies. As a result, while some organizations may elect to implement elements of the framework on a piecemeal basis, our experience suggests that to achieve the maximum value from vendor management, organizations need to implement an integrated framework across all of the elements.

Each organization has unique requirements for the management and monitoring of vendors. The Vendor Management Framework must be tailored to the unique requirements of an organization in order to accommodate these specific needs and deliver expected results. While each organization may approach the development of the framework differently, the following steps should be performed to identify, validate and operationalize these requirements.

1. Develop the Strategic Vision –

Critical to the development of the framework is the strategic vision for vendor management. The vision defines the desired organization, capability and scope of vendor management activities. The vision should be created with the input of all key stakeholders (e.g. procurement, finance, legal, operations, etc).

2. Design and Documentation –

The strategic vision is brought to life through the design and documentation of the framework. Each of the elements of the framework will be designed and tailored based on the specific requirements defined in the strategic vision. Each of the elements is documented to facilitate the validation, roll out and ongoing execution of the framework.

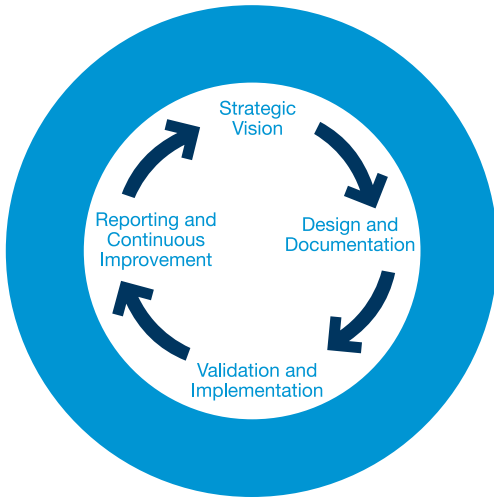
3. Validation and Implementation –

Key stakeholders should be provided the opportunity to validate and vet the framework to confirm that their specific requirements have been addressed. Validation of the framework will support the development and execution of roll-out plans, while creating improved awareness for vendor management.

4. Reporting and Continuous

Improvement – Executing the new vendor management framework usually includes making company-wide changes to accommodate the new governance processes, operational roles and responsibilities. Additional implementation activities may include change management and communications, process reengineering, progress reporting, as well as system requirements definition and selection.

An effective vendor management program, built on this framework, provides organizations with greater control and knowledge of its relationships with vendors. With this knowledge and control, organizations can apply the appropriate level of resources to each vendor and involve strategic vendors in long-term planning. Improved insight into the performance of each vendor through standardized reporting enables early identification of negative developments, facilitates a comparison of performance between vendors and provides a vendor management dashboard for senior executives.



A properly structured and enforced Vendor Management Framework will provide measurable strategic value by:

- Formalizing practices to measure and manage vendor performance through targeted policies, controls, processes, accountabilities and governance structures;
- Enabling the organization to proactively manage and mitigate vendor specific risks;
- Clearly defining the interaction points between the vendor and the organization throughout the vendor management lifecycle to ensure consistent treatment of vendors according to their strategic or tactical value;
- Providing insight on the spend and performance of vendors;
- Reducing contract non-compliance (and associated costs and effort);
- Avoiding overpayment and/or under delivery;
- Better positioning the organization in ongoing vendor negotiations to increase value; and
- Engaging key vendors for input and support into long-term strategic planning.

Vendor risk management

Many organizations are increasing their reliance on third parties to support their business functions. While these organizations are monitoring the performance of these vendors against their contractual obligations, few are measuring and proactively managing the specific risks associated with each vendor. This places the organization at risk of a disruption in contracted services in the event that a vendor fails or experiences a debilitating event.

A critical component of vendor management is the identification

and management of risks associated with vendors. Early identification of deterioration in a vendor's condition enables an organization to develop back up plans to ensure continuation of services should the vendor fail.

Leading organizations are turning to web based tools that combine vendor corporate information, contract performance information and public information to monitor the "health" and performance of the vendor. The use of these tools enables early detection and proactive management of developments such as missed Service Level Agreements (SLAs) and contractual

commitments (e.g. the completion of a SAS 70), the deteriorating financial condition of the vendor or negative market events impacting the vendor.

In working with a number of organizations in assessing vendor risk management and/or implementing the "PwC Supplier Self Reporting Tool", PwC has observed organizations achieve the following benefits:

- Reduced reputation and regulatory risks;
- Improved controls; and
- Reduced costs.

Overall, taking a holistic approach through the use of a Vendor Management Framework can help organizations improve competitive positioning through the strategic use of vendor capabilities, reduce costs through leveraging volume discounts, build greater uniformity in the treatment of vendors, exert greater control over vendor related activities and improve vendor performance through consistent monitoring and enforcement.

For more information,
please contact:

[Rob Belsey](#)

Partner, Performance Improvement
416 814 5894
rob.j.belsey@ca.pwc.com

[Allan Buitendag](#)

Vice President, Performance
Improvement
416 815 5239
allan.buitendag@ca.pwc.com

[David McNaughton](#)

Manager, Performance Improvement
416 947 8905
david.m.mcnaughton@ca.pwc.com

Ontario sales tax harmonization

The variables facing insurers

The recent Ontario Budget announced a bold move to modernize sales taxes in the province on July 1, 2010, by harmonizing the outmoded provincial sales tax with the federal GST. Ontario will then join Nova Scotia, New Brunswick and Newfoundland as the only provinces having achieved the objective of a single harmonized tax. Only when the rest of Canada has progressed to this model will the economic benefits of the GST be fully realized.

Progress towards this goal has been painfully slow. Ontario's move is the third milestone. The first milestone was in 1992, when Quebec replaced its goods-based PST with a provincial near-copy of the GST. However, this was not true harmonization, not only is Quebec tax the function of a provincial statute, financial services are zero-rated¹ for QST purposes, with the result that all QST borne on the cost of supplying a financial instrument service is recoverable. To preserve the tax revenues borne by the financial industry under the previous QST, Quebec cobbled on capital, salary and premium taxes that apply specifically to financial institutions. Presumably Quebec could not countenance the prospect of a Quebec-based financial institution bearing a high QST cost on goods and services trying to compete with one based in Ontario having a significantly lower PST cost (borne only on goods).

The second milestone was passed in 1997, when the Atlantic provinces were the first to truly harmonize, with the HST in those provinces being a chapter of the federal statute for financial services. 1997 was a critical point—would the Atlantic provinces follow the Quebec model of zero-rating, or exemption? In harmony with the GST treatment, exemption was the choice. This did create a divide between a Halifax-based insurer, paying (then) 15% GST/HST on all goods and services and a Toronto-based insurer paying only 7%. To level the playing field, all financial institutions that attributed income to both the harmonized and non-harmonized zone are obliged to calculate a theoretical HST cost, deduct from it the HST actually paid and either remit or claim a refund. Essentially the formula deems the geographical cost footprint to mirror the geographical income footprint, leaving all insurers bearing a like HST cost for issuing a policy in the harmonized zone.

1 Exempt from paying a value-added tax.



The announcement that Ontario will harmonize on July 1, 2010, opens up the real possibility that we will see harmonization spread rapidly westwards, leaving only the ticklish problem of what to do with Alberta, which has no provincial sales tax. The fifteen month interval certainly allows the other PST provinces time to reflect and join co-incident with Ontario.

In the period between now and July 1, 2010, insurers face a number of unknowns. Known is the Ontario, date, rate and base. Unknown? Will Quebec now fully harmonize and exempt financial services, increasing costs for insurers in that province to match those borne by Ontario-based insurers? Will the four remaining PST provinces come on board, further increasing business costs for insurers? When will we see the transitional rules and the very critical place of supply rules for Ontario? The purpose of the place of supply rules is to remove any incentive for business or consumers to either source, or relocate outside of the harmonized zone, and it seems very likely that a more complex set of rules will be needed for Ontario than those used for the Atlantic provinces. Will Ontario bow to pressure to mitigate the incremental tax load upon financial services? Finally, if all other provinces harmonize, what will be done in Alberta?

Clearly, these are many moving pieces that influence the ultimate outcome for insurers. Consequently, there are very few specific actions that can be triggered at this point, beyond establishing a team to monitor events as they unfold, to identify what lobbying efforts the insurer wishes to track, what system changes need to be planned and which specific items need to be raised in a dialogue with suppliers and policyholders.

For more information,
please contact:

[Michael Firth](#)
National Leader,
Indirect Tax Services
416 869 8718
michael.p.firth@ca.pwc.com

Global insurance CEOs confident about their prospects

Redefining success, the PricewaterhouseCoopers 12th Annual Global CEO Survey, explores how CEOs are reconsidering the fundamentals of business in response to extreme operating conditions and assuming responsibility for issues that were once considered outside the scope of industry. We interviewed 1,124 CEOs around the world between September 10 and December 2, 2008. Here, we look specifically at what the CEOs in the insurance industry think, and how they are dealing with a combination of challenges.

The business environment

Despite the high-profile problems faced by AIG last year, insurers have not encountered anything like the scale of the problems experienced by the banking sector. Indeed, the survey reveals that insurance CEOs are more confident about the prospects for long-term revenue growth than their counterparts in other industries; 46% say that they are 'very confident', compared with just 34% of the total survey population. Insurance CEOs are also more optimistic about the outlook for their industry as a whole; 26% profess to be 'very confident', compared with 20% of the overall sample.

Perception of key risks

The assessment of risk is critical for all industries, but nowhere more than in the insurance sector, where firms need to evaluate risk for just about every sphere of economic activity. A number of paradigms shifted and insurance CEOs say that they are more concerned than CEOs in other industries about various risks, including:

- Disruption of the capital markets;
- climate change;
- the protectionist tendencies of national governments;
- over-regulation;
- inflation;
- pandemics;
- the availability of key skills;
- technology interruptions; and
- the inadequacy of the basic infrastructure.



While the effect of climate change is currently a secondary issue to the credit crisis, it has nevertheless remained high on the corporate agenda, and 13% of insurance CEOs say that they are 'extremely concerned' about climate change, compared with 7% of the overall sample. They are concerned that lack of planning, particularly regarding flood defenses, could lead to further major losses.

Balancing the short and long term

Insurers learned valuable lessons from the downturn of 2001-03, as a result of which they have improved their risk management and cut their exposure to equities. They believe themselves to be on a better financial footing this time around. This may help to explain why many insurers, unlike banks, feel no need to make deep cuts to their personnel. Only 15% of insurance CEOs are planning to reduce the number of people they employ in the next 12 months (versus 26% of the total survey sample) and 39% of respondents say that they will actually increase their headcounts.

Insurance CEOs are also more likely than CEOs in other industries to be looking at joint ventures and strategic alliances as a way to grow their businesses and build market share. About four-fifths of them (82%) say that they will finance such growth through internally-generated cash flows, compared with the overall average of 76%. Some companies are clearly confident that their cash flows will remain robust this year—or, at least, that they will not be as badly affected as those of companies in other sectors.

Cultivating key skills

Insurance CEOs are focusing on the retention of talent to a greater extent than their peers in other sectors; 44% believe a management structure that rewards long-term success is 'critical', compared with 31% of the total survey population. Similarly, 51% say that information about the views and needs of employees is 'critical' (versus 38%).

The credit crisis is affecting insurers, but for the moment at least, most CEOs in the sector seem to think that they have sustainable business models. They are confident enough about their prospects to be focusing on retaining key staff and thinking about extending their operations via joint ventures this year. For the industry's strongest firms—those with the greatest capital—the years ahead could provide opportunities to consolidate their franchises.

Excerpt taken from the PricewaterhouseCoopers 12th Annual Global CEO Survey – *Redefining Success*. Full findings of the survey are available at www.pwc.com/ceosurvey

If you would like to discuss any of the issues raised, please speak to your PricewaterhouseCoopers representative or contact:

George Sheen
National Leader, Financial Services
and Insurance
416 815 5060
george.sheen@ca.pwc.com

Insurance Banana Skins 2009

Identifying the risks insurers face

The Centre for the Study of Financial Innovation (CSFI) earlier this year completed the *Insurance Banana Skins* survey of leading members of the insurance industry to find out their concerns about the risks facing the insurance industry.

The survey, sponsored by PricewaterhouseCoopers (PwC), identifies potential sources of risks to the insurance industry and ranks them by severity. This year's survey is based on 400 responses from 39 countries.

The survey shows financial market concerns, including investment performance, equity markets and capital management, topping the ranking of risks facing the industry in many parts of the world. This is in sharp contrast to the previous survey in 2007 when too much regulation and natural catastrophes were top of mind, and market risks barely featured in the top ten. Other high-level risks identified by the survey include regulation, risk management techniques and reinsurance securities.

Following is the summary of this year's survey. The full report can be obtained from your PwC insurance contact (please see details on the back of this publication) or downloaded from www.pwc.com/bananaskins.

Summary

The top three risks identified by respondents to the survey are all connected with the fall-out from the credit crunch, and its impact on the strength and profitability of the insurance industry.

The ability of insurance companies to get through the crisis depends above all on their investment performance (placed No 1), i.e. achieving sufficient returns to protect capital, remain profitable and meet commitments to customers. Key here are the equity markets (No 2) on which the industry will depend heavily for income if, as expected, the crisis produces a fall-off in insurance business and a surge in claims.

The resulting squeeze on profitability could affect the industry's solvency, making capital availability (No 3) a key consideration in the period ahead. The scale of financial market disruption will depend on macro-economic trends (No 4) about which the majority of respondents to the survey were gloomy, particularly those in North America.



Top 10 Insurance Banana Skins 2009

(2007 ranking in brackets)

- | | |
|-------------------------------|-----------------------------------|
| 1 Investment performance (11) | 6 Risk management techniques (14) |
| 2 Equity markets (13) | 7 Reinsurance security (27) |
| 3 Capital availability (26) | 8 Complex instruments (19) |
| 4 Macro-economic trends (-) | 9 Actuarial assumptions (8) |
| 5 Too much regulation (1) | 10 Long tail liabilities (7) |

The risk of too much regulation (No 5) has fallen from the top position it occupied in the last survey. But it has not disappeared, only been overtaken by more urgent issues. There is now widespread concern that the crisis will trigger a regulatory crackdown on the financial sector which will put pressure on the insurance industry to increase capital and take on more compliance costs at a time when resources are stretched. The insurance sector feels that it may be unjustly penalized for the sins of the banking sector.

The next set of risks is linked to the industry's ability to manage its way through the crisis and avoid unnecessary losses. Concern about the strength of the industry's risk management techniques (No 6) has risen sharply in the wake of the crisis at AIG and revelations about insurance companies' exposure to complex instruments (No 8), especially those in the credit insurance market. The security of reinsurance arrangements (No 7) is a fast-growing concern with worries about the capacity of the reinsurance sector to meet a surge in claims on risks that have been laid off by primary insurers.

Profitability on the non-life side of the industry will depend heavily on the pricing cycle (No 12). Insurers are hoping that a capacity shake-out will enable them to push up rates, but the contrary view holds that insurance business will fall away as clients seek to cut costs.

A growing concern is potential damage to the insurance industry's reputation (No 15) caused by insurers' attempts to push up premiums and take a tougher line on insurance claims, as well as disappointing returns on savings products. The industry expects to see an increase in fraud (No 23), a common reaction to hard times. Corporate governance risks (No 17) are also expected to grow as companies come under greater pressure to deliver results.

The survey showed a striking fall in concern about environmental issues. Natural catastrophes fell from No 2 last time to No 22, possibly because of fewer major recent events. Climate change also dropped sharply, from No 4 to No 28, reflecting a sense of declining urgency about the issue. Pollution risks eased noticeably, from No 21 to No 34.

Concerns about structural change to the insurance industry were also less prominent. The threat of new competitors fell from No 10 to No 32 because respondents felt the insurance market had become less attractive. Similarly, the prospect of mergers remained low at No 31.

The survey also reveals a dramatic fall in insurers feeling well-prepared to address the risks identified a drop from 21% down to 4%. But, there is a reassuring increase in the risk sensitivity level reflecting a shift in interest, with risk moving up the board agenda. Overall, the survey showed that the level of risk sensitivity in the insurance industry has risen since the last survey in 2007.

If you would like to discuss the issues raised in greater detail, please contact any of the PwC representatives located at the end of this publication.

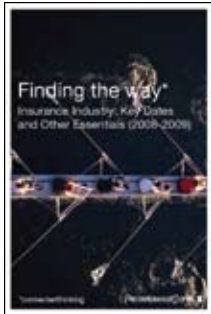
Recent PricewaterhouseCoopers insurance publications

To view these publications, please visit our website at www.pwc.com and click on publications.

Coming Soon!

Canadian Insurance Taxation, Third Edition

Canadian income tax laws are complex. For insurers, this complexity is compounded by the distinct nature of the insurance industry. The third edition of *Canadian Insurance Taxation* will help insurers identify potential tax problems, make better business decisions and be more effective when discussing these matters with professional advisors. Copies will be available June 2009 and can be purchased from www.lexisnexis.ca/bookstore or by calling 1 800 668 6481.



Insurance Industry: Key Dates and Other Essentials (2008 – 2009) A Canadian publication

Insurance Industry: Key Dates and Other Essentials spotlights selected recent tax changes and cases, regulatory dates for Canada, US, UK and annual conferences. Please visit www.pwc.com/ca to view this publication.

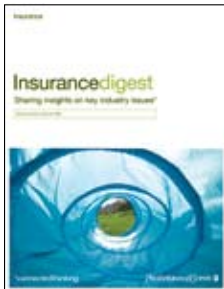
Top Nine Insurance Industry Issues in 2009: Crisis and change

This publication includes both the leading issues and implications for the insurance industry in 2009.



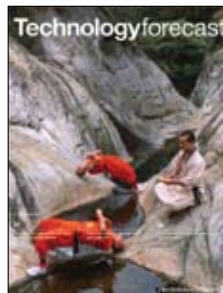
Americas Insurance Digest

America Insurance Digest addresses the key issues driving the insurance industry. This edition includes articles on managing liquidity, model valuation, capturing opportunities in a period of transition, Solvency II, reporting convergence, and federal insurance regulation.



Technology Forecast Winter 2009 edition

This issue of the *Technology Forecast* explores the future of enterprise applications and their role in creating a foundation for agility in an era of accelerating change.



PwC Insurance Club
EyeOpener Series

Sustainability and total tax contribution— What are the issues?

Without an accurate idea of how much tax businesses pay, and the impact of tax and regulatory complexity on global competitiveness, how can Canada compete with increasing globalization? In early March, PwC assembled a number of insurance industry experts to discuss the issues surrounding total tax contribution and corporate responsibility of insurance companies. In the first part, the panelists discussed corporate sustainability strategies, the total tax contribution framework, and environmental issues specific to the insurance industry. In the second part, a variety of questions on environmental property and casualty insurance issues and the risks of climate change for insurers were also addressed.

A full audio cast of this panel discussion can be found at www.pwc.com/ca/insurance.

To register for our next Insurance Club EyeOpener breakfast, please email financial.services@ca.pwc.com.

Our services

Our team of professionals offer value-creating ideas, innovative application of leading-edge technology and deep industry experience to our clients, helping them focus on what they do best. The following provides an overview of our key services and value we bring to our clients:

Your business needs									
Solid financial management and controls		Effective strategy, operations and technology		Sound management of risks and regulations		Well executed transactions		Strong tax planning and compliance	
Our solutions	Assurance <ul style="list-style-type: none"> Annual audit 5970/SAS70 Outsourcing contract review 	Operations and Strategy <ul style="list-style-type: none"> Growth strategies Transformation of back and front office and support areas 	Risk management <ul style="list-style-type: none"> Financial, credit, trading and actuarial Model validation Enterprise Risk Management 	Acquisitions <ul style="list-style-type: none"> Capital sourcing Due diligence Valuations, fairness opinions, PPA 	Income and Capital <ul style="list-style-type: none"> Planning/recovery Compliance Structuring Risk management 				
	IFRS <ul style="list-style-type: none"> IFRS policy, diagnostics, conversion and embedding 	Customer <ul style="list-style-type: none"> Customer strategy and experience Customer information and profitability 	Regulatory <ul style="list-style-type: none"> Regulatory compliance and investigations 	Divestiture <ul style="list-style-type: none"> Lead advisor Vendor due diligence Valuations 	Indirect <ul style="list-style-type: none"> Planning/recovery Recovery methods Filings Audit support 				
	Accounting support <ul style="list-style-type: none"> Technical accounting Financial instruments Structuring advice 	Technology and data <ul style="list-style-type: none"> IT effectiveness IT architecture Information security Data integrity 	Forensics <ul style="list-style-type: none"> Forensic technology Forensic investigation Dispute analysis 	Merger Integration <ul style="list-style-type: none"> Planning and reporting ID and resolve risks ID, quantify, track value drivers 	Transfer Pricing <ul style="list-style-type: none"> Planning Compliance/documentation Transactions Audit defence 				
	Financial Management <ul style="list-style-type: none"> Strategic cost management Management information Finance transformation 	Business resilience <ul style="list-style-type: none"> Physical security Business continuity Disaster recovery Crisis management 	Internal Audit <ul style="list-style-type: none"> Quality assurance Co-sourcing and outsourcing 	Distressed strategy <ul style="list-style-type: none"> WC strategies Distressed M&A Restructuring, CCAA 	International <ul style="list-style-type: none"> Relocations Expatriate planning/compliance Policy analysis 				
	Controls <ul style="list-style-type: none"> Process and controls assessments SOX compliance IT controls 	Outsourcing <ul style="list-style-type: none"> Shared services BPO advisory ITO advisory SLA's 	Sustainability <ul style="list-style-type: none"> Social responsibility Climate change Assurance 	Litigation and Disputes <ul style="list-style-type: none"> Loss quantification Litigation support Expert witness Mediation/arbitration 	SR&D <ul style="list-style-type: none"> Project identification Data collection Confirmation and filing/audit support 				

For more information

National Financial Services Practice Leader

George Sheen 416 815 5060

Audit and Assurance Group

Greater Toronto Area

Alodie Brew 416 947 8957
Leigh Chalmers 416 869 2359
Claire Cornwall 416 869 2867
Jonathan Simmons 416 869 2460
Bruce Winter 416 814 5880
Diane Woodruff 416 365 8201

Calgary

Robert Hawley 403 509 7546

Edmonton

Barry James 780 441 6838
Gordon Keiller 780 441 6840

Kitchener

Michael Johnston 519 570 5707

Montreal

Lyne Dufresne 514 205 5298
Alain Dugal 514 205 5091
Kenneth Hotton 514 205 5292
Philippe Thieren 514 205 5377

Quebec City

Raynald Lafrance 418 691 2440

St. John's

Charlie Follett 709 722 3141

Vancouver

Len Boggio 604 806 7016
Jane Butterfield 604 806 7519
Paul Challinor 604 806 7218
Steven Wilson 604 806 7840

Winnipeg

Tony Catanese 204 926 2414
Chris Couture 204 926 2418

Actuarial Services

Dan Doyle 416 941 8377
Richard Gauthier 416 941 8341

Tax

Fred Borgmann 416 869 2373
Barbara Bryden 416 869 2668
Wallace Conway 416 365 2710
Martin Kern 519 570 5711
Yves Magnan 514 205 5194
Jason Swales 416 815 5212
Dan Torbiak 204 926 2453
Jillian Welch 416 869 2464
Alfred Yau 416 947 8917

Commodity Tax

Michael Firth 416 869 8718
Mario Seyer 514 205 5285

Transfer Pricing

Saul Plener 905 949 7310
Emma Purdy 416 941 8433

Advisory

Corporate Advisory and Restructuring
Rick Pettit 416 941 8246

Corporate Finance

Keith Mosley 416 941 8307

Performance Improvement

Rob Belsey 416 814 5894
Allan Buitendag 416 815 5239
Arturo Lopez 416 941 8219

Risk and Regulatory

Diana Chant 416 365 8207
Dorothy Sanford 416 869 2353

Transaction Support

Tony Gibbons 416 941 8241

Valuations

Helen Mallovy-Hicks 416 814 5739

Insurance Claims Services

Leonard Boon 780 441 6716
Jim Forbes 905 972 4105
Kas Rehman 613 755 4328
Bruce Webster 416 815 5250

If there are names you would like us to add to our Insurance Services Group mailing list, or if you would like additional copies of this newsletter, please contact Laura Betts via fax at 416 814 3215 or email at laura.k.betts@ca.pwc.com.

The newsletter can also be viewed on our website at www.pwc.com/ca/insurance.



Printed on Lynx Opaque Smooth,
containing 10% post-consumer waste.

www.pwc.com/ca/insurance