

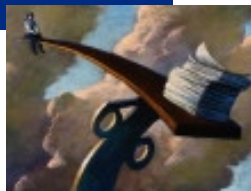
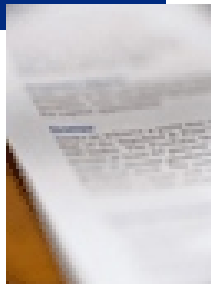


**CSIO
CEPA**

CENTRE FOR STUDY OF INSURANCE OPERATIONS
CENTRE D'ÉTUDE DE LA PRATIQUE D'ASSURANCE

2001 ANNUAL REPORT

COMMITTED
SINCE 1981
TO THE
ADVANCEMENT
FOR THE BROKER
DISTRIBUTION
NETWORK
FOR PROPERTY &
CASUALTY
PRODUCTS



**THE CENTRE
FOR STUDY
OF INSURANCE
OPERATIONS**

APRIL 5, 2002

Toronto Board of Trade
Downtown Location
77 Adelaide Street West, Toronto, Ontario
M5X 1C1

OUR MISSION

CSIO is a national association of insurers and independent insurance brokers dedicated to achieving a competitive advantage for the independent broker distribution channel and dedicated to achieving excellence in the delivery of value-added electronic business solutions.

We take this opportunity to thank everyone who participated in CSIO projects, work groups and meetings in 2001. Without your commitment and contribution, the successes of the past year would not have been possible.



Klaas Westera, President
Sandy Atkinson, Operations Manager
Howard Bender, Manager, XML Standards
Laurence Delomosne, National Director, Standards & Technology
Daphne Horn, Standards Specialist
Dorin Mascan, National Director, Research & Development
Louise Poirier-Riggs, Graphic Designer
Majid Saleemi, UNIX Systems Administrator
Rachel Schram-Mastroianni, Coordinator, Portal Implementation
Hilary Syme, Portal Help Desk Supervisor
Josée Taverna, Advisor, Standards and Technology
Marielle Tousignant, Manager, Insurance Distribution Solutions

WWW.CSIO.COM

Centre for Study of Insurance Operations
151 Yonge Street, Suite 1800
Toronto, Ontario M5C 2W7
416-360-1773

Centre d'étude de la pratique d'assurance
1155, rue University, bureau 1305
Montréal (Québec) H3B 3A7
(514) 393-8200

CSIO GOVERNANCE 2001

BOARD OF DIRECTORS

Howard Moran	Chairman	formerly with CGU Group Canada Ltd.
John Morin	Vice-Chairman	P. Morin, Courtier en assurances inc. (Quebec)
Janet Babcock		Dominion of Canada
Nolan Bonney		Thwaites Norris Insurance (British Columbia)
Alister Campbell		Zurich North America Canada
Danny Craig		Craig, McDonald, Reddon Insurance (Ontario)
Mike Daniels		Cambridge SIA Insurance (New Brunswick)
Javier De La Cuba		CGU Group Canada
Keith Eva		Royal & SunAlliance
Bruce King		King Insurance (Manitoba)
Pierre Lemonde		AXA Canada Tech
John McArel		ING Canada - Halifax
Ernst Notz		Citadel Assurance
Jean Vincent		L'Union Canadienne
Noel Walpole		The Economical Insurance Group
Klaas Westera		CSIO
Brendan Wycks	Ex-officio	IBAC (Insurance Brokers Association of Canada)

MANAGEMENT COMMITTEE

Doug Hewitt	Chairman	CGU Group Canada Ltd.
Danny Craig		Craig, McDonald, Reddon Insurance
Werner Ginzler		AXA Canada
Michael Hagarty		ING Canada - Halifax
Minaz Sarangi		Zurich North America Canada
William Stinson		The Economical Insurance Group
Grace Webster		Royal & SunAlliance
Steve Whitelaw		Dominion of Canada
Klaas Westera		CSIO

BUREAU DE DIRECTION

John Morin	President	P. Morin, Courtier en assurances inc.
Patricia Allard		Jean-Marc Allard, courtiers d'assurance
Andrée Bolduc		Lloyd's Canada
Solange Buteau		L'Union Canadienne, compagnie d'assurances
Guy Cheong		G. Cheong, Courtier d'assurance inc.
Pierre Fontaine		ING Groupe Commerce
Jean Fortin		J. Gérard Fortin & Associés Assurances inc.
Michel Gilbert		(Ex-Zurich)
Gilles Girard		G. Proulx et Associés Assurances inc.
Nathalie Guertin		CGU, Compagnie d'assurance du Canada
Claude Pinsonneault		Assurance Concordia inc.
Roger Primeau		AXA Canada Tech inc.
Jacques Tardif		AssurExperts inc.

A growing
partnership

CSIO COMPANY MEMBERS 2001

Allianz Canada

AGF Nafta Ltd.(Canadian Surety/Canada West)

AXA Canada

AXA Insurance

AXA Assurances

C.A.M.I.C.

Bay of Quinte Mutual Ins. Co.

Dufferin Mutual Ins. Company

Formosa Mutual Ins. Company

Germania Farmers' Mutual Fire Ins. Co.

Hamilton Twp. Farmers' Mutual Fire Ins. Co.

Howick Mutual Ins. Co.

Peel Mutual Ins. Co.

West Wawanosh Mutual Ins. Co.

Portage La Prairie Mutual Ins. Company

Canadian Northern Shield

CGU Group Canada Ltd.

The Citadel Assurance

Citadel Assurance

L'Unique, Compagnie d'Assurances générales

Dominion of Canada

The Economical Insurance Group

Economical Mutual

The Missisquoi Insurance

Perth Insurance

Waterloo Insurance

Federation Insurance

Gore Mutual Insurance

ING Canada

ING Groupe Commerce

ING Halifax

ING Novex

Lloyd's Underwriters

Lombard Canada

L'Union Canadienne, Compagnie d'Assurances

Markham General Insurance Company

OPTIMUM GÉNÉRAL INC.

British Columbia Insurance Company

Optimum West Insurance Company

National Frontier Insurance Company

Peace Hills General Insurance Company

Pembridge Insurance Company

Pilot Insurance Company

Royal & SunAlliance

SGI Canada

Sovereign General Insurance Company

Wawanesa Mutual Insurance Company

Zurich Canada

AXA Pacific

AXA Assurances Agricoles, Inc.

Halwell Mutual Ins. Co.

Kent & Essex Mutual Ins. Co.

Lambton Mutual Ins. Co.

Oxford Mutual Ins. Co.

Farmers' Mutual Ins. Co. (Lindsay)

Grenville Mutual Ins. Co.

Saskatchewan Mutual Ins. Co.

Red River Valley Mutual Insurance Company

The North Waterloo Farmer's Mutual Insurance Company

ING Wellington

ING Western Union

Optimum Assurance Agricole

Optimum Société Nationale d'Assurance

Insurance Brokers Association of Canada (IBAC)

A growing
partnership

CSIO VENDOR MEMBERS 2001

Voting Participants

Applied Systems Canada Inc.
Cebra Inc.
CGI Information Systems
CIM-data Ltd.
D.W.L. Inc.
ebix.com
Keal Computer Services
R.J. Slocki EDP Services Ltd.

Non-Voting Participants

Basis 100
Compu-Quote Inc.
CSC
Custom Software Solutions Inc.
Huon Corporation
IBM Canada
Informco
ISI
Innovation Group
iter8 Inc.
Mastercom Consulting Inc.
Mutual Concept Computer Group Inc.
OARBIC
SEH Computer Systems
Sherwood International
tec4 systems inc.
The Innovative Group (TiG)
Zycomp Systems Ltd.

New in 2002

Brokers

Canada Brokerlink-Oxford Insurance
Groupe A&R Lussier
Groupe Ultima
Haas & Sutherland
IBC/IID
Les Assurances Groulx

CHAIRMAN'S REMARKS

2001 was a year of great advancement for CSIO. The staff, the members, the workgroups and the countless volunteers were challenged to further strengthen CSIO's position as a global leader within the insurance industry.

The efforts centred on two major initiatives. The first was traditional in nature and saw the rapid expansion of our standards from what were two in 1999, to five in 2001. These five standards became the foundation for the second major initiative, the CSIO Portal, the preliminary work commencing in January 2001.

In 1999, CSIO had two standards to offer the industry. Our EDI standards included amateur personal lines offering and the start of a commercial lines offering with commercial property. Between 2000 and 2001, the commercial lines EDI standards were broadened to include tenants legal liability, general liability, and most recently E&O, Inland Marine, D&O and EDP. The release of the new farm standard this last quarter virtually completes what is now a broad and comprehensive EDI standard for the future.

During the last year CSIO completed the delivery of a full complement of digital CSIO forms in pdf format. These are now available on CD or maybe downloaded from CSIO's web site. 2001 saw the enhancement of many existing forms to meet the changing business needs within the industry.

Important work continued on web screen standards. The common look and feel offered by these standards will help to avoid the new inefficiencies introduced into similar broker channels in other jurisdictions through proprietary insurer web screens. During the year work continued on policy change and the design of new business quote screens for the Portal project were introduced. These are now available for auto and property.

Two completely new sets of standards were delivered during 2001, those being an industry terminology library with a French/English glossary and Personal Lines XML standards. With the release of the XML standards, real time communication and service has become a realistic objective for our entire industry promising significant benefits to insurers, brokers and consumers.

CSIO collaborated with ACORD, the similar counterpart in the USA, so that respective XML standards could be harmonised for cross border transaction exchange. This collaboration adds momentum to the global standards effort under the Global Forum announced in September 2000. The Global Forum is an informal group dedicated to furthering a global strategy on standards setting. It includes organizations like CSIO, ACORD, EEG7 from Western Europe and other standards setting bodies using EDIFACT, a United Nations standards body.

It may surprise you to hear that all five sets of current CSIO standards are being used within the CSIO Insurance Portal. In a very real sense, they serve as part of the foundation that has made the Portal possible today.

No other project has sparked as much attention and excitement as the CSIO Insurance Portal. Since its inception as the grain of an new vision in September 1999, it has gained an unprecedented level of industry collaboration, communication and trust. It will soon be a reality showing the world that truly remarkable things can be achieved when you have the need, the will and the courage to do so. The Portal is virtually completed and we are now focusing on testing and rollout over the next six months.

There are not enough words to express the appreciation for the ceaseless efforts and contributions so many of our members and staff at CSIO have committed to the Insurance Portal and to our other critical projects. The success enjoyed by our industry and by CSIO would be impossible without you. I thank you for your dedication and for your important contributions.

CSIO looks forward to greater achievements in 2002. The Portal will become a reality and will move the industry substantially forward toward the objective of providing a competitive advantage of the independent broker distribution channel.

PRESIDENT'S REMARKS

The Board's new vision for CSIO, revealed in the summer of 1999 was to broaden its scope and effectiveness. This vision set into motion changes that allowed CSIO to become a more valuable partner in our industry. With that, we have continued the key role of providing an industry forum for brokers and their company partners while championing solutions and change through collaboration and technology. The industry has recognized the wisdom of these directions as CSIO's membership grew last year by three insurers and five vendors.

The use of standards improves industry efficiency, reduces costs and results in the delivery of better service all the way down to the consumer. During this past year, CSIO embraced the challenge of enhancing existing standards and adding more standards where needed.

In 2001, seven new commercial standards were incorporated into our EDI library. These included Farm, Computer & EDP, Installations, Contractor's Equipment, Transportation Trip Transit, Motor Truck Cargo and lastly Receivables, Valuable Papers and Records.

CSIO's forms have been widely used across Canada for a number of years now. Ten of these forms were enhanced during 2001 to meet changing business and legislative needs. Our Standards department also added a new commercial Certificate of Insurance in French, a Cancellation for Alberta and a new laser version of the Automobile Liability Slip. During the year we completed our new library of digital versions of these forms in PDF and PCL format. Twenty four of these in both formats can now be downloaded directly from CSIO's web site, www.csio.com. In the fall we enhanced these digital forms so that, in addition to simple printing, brokers can now enter data onto them, save them electronically and email them as attachments further improving the channel's efficiency.

Personal lines XML Standards work initiated in September of 2000, was completed in 2001 for use in the CSIO Insurance Portal. Our XML, which is harmonized with ACORD's XML, offers the industry numerous benefits. It delivers up to a five fold improvement in programmer productivity and at the same time it opens up the possibility of real time communication. Because of XML and the Internet, over the next few years we will witness a rapid evolution from traditional overnight EDI batch to real time communication within our industry.

Our Web screen standard library grew in 2001 with the addition of new business quote screens for personal lines automobile and habitational. These are now part of the Portal.

In early 2001, we announced the availability of a new Terminology Library with 5000 insurance and technological terms including an English/French glossary. Users can now access this service directly from the CSIO web site. The Terminology Library as a tool, helps our members to achieve a higher level of consistency when designing forms, screens and documentation in either official language.

The project that has been the most exciting and intriguing is the CSIO Insurance Portal. CSIO staff, members, vendors and volunteers have eagerly participated in creating, building and bringing the Portal to life. The implications for improved efficiencies, reduced costs and superior customer service are far reaching.

During this project we have witnessed an industry coming together, as it has never done before. An industry determined to maximize its competitive position through technology but more significantly through team work. Teamwork based upon communication, collaboration, co-operation and trust. Everyone who has participated in this initiative should feel a sense of pride for together, we are successfully delivering a Portal of true strategic importance and the very first of its kind in the world. Gaining critical mass support is a key to the Portal's ultimate success. And we feel that we have that kind of broad support. Every Board vote on the Portal has been unanimous. IBAC and its provincial members are active in their support of the Portal. Grass root broker support has been evident all across Canada. Broker Management System vendors and other industry service

PRESIDENT'S REMARKS

providers have also been active in their support of our Portal efforts. Our company members have shown active support through their activities on the Board, on our Management Committee and with their integration plans. Their current plans predict a presence on the Portal this year of companies representing \$6.6 billion with more to follow early next year. This insurer critical mass will ensure the broker critical mass that we are looking for.

At this time, development is complete apart from a few small cleanup items. IBM is performing integration testing on quick and full quote for both automobile and property and is testing all administrative functions. We expect to move to broker testing this spring and to start field rollout early to mid summer. IBAC and their provincial associations is lending their expertise to the rollout and to broker training.

Developing standards and technology like the Portal is only one part of the job. The other part has to do with communication, rollout and member services. During the year CSIO totally revamped its web site www.csio.com. It now provides members with a wide variety of information, forms, terminology, calendar of events and standards feedback forms. 2001 also saw the launch of our new Portal informational web site, www.csioinsuranceportal.com. It offers information on the Portal, how to get ready, prototypes, documentation for developers and much more. CSIO is also in the midst of preparations to provide Portal training and help desk support.

I am amazed by the remarkable support that we at CSIO are receiving from the many people and stakeholders within our community. The numbers are impressive and the commitment equally impressive. I thank our member companies, IBAC with its provincial associations and our vendor members who supply their products and services to the industry. And I especially thank all of the staff and brokers from those organizations who have contributed their time so unselfishly in our various committees and workgroups. You have our gratitude and our admiration.

Lastly, I would like to extend my personal thanks to the staff at CSIO. For you, it has been a challenging year where you have stretched and achieved to admirable levels.

2002 will bring a new set of challenges to us all. Having seen you in action, I am confident that these too will be met by you and that we will look back on this coming year with the pride that we rightfully feel today.

Thank you once again.

CSIO OPERATIONAL REPORT

BACKGROUND

In 1981, CSIO was created by the broker driven P&C insurance industry to deal with the many inefficiencies within the industry. Some of these inefficiencies, like the use of non-standard forms, had been inherent for as long as anyone can remember. But the new inefficiency of computer based double entry of data was just starting to take a growing toll. Since that time, CSIO has gained global admiration as it attained the most successful implementation of industry wide Personal Lines EDI in the world. CSIO's development of forms and networks, such as ICEnet and CSIONet, further enhanced the industry's efficiency.

In the winter of 1998-1999, CSIO's Board of Directors embarked on a mission to formulate a new vision for CSIO within the industry. It was clear at the time that CSIO played an important role as the industry's only forum where brokers and their company partners could formulate action plans for the benefit of the industry and the consumer. But it was also evident that CSIO needed to adopt a new vision and approach aimed at delivering new products and services that would improve the competitive advantage of the independent broker distribution channel.

This new vision has been taken on eagerly by the staff at CSIO and by our many dedicated volunteers. A vision that started with CSIO's many successes of the past and moved forward along promising new paths.

FORMS STANDARDS

Historically, forms were the first standard ever developed by CSIO. During the last year we updated 10 existing forms and released three new forms including the new commercial Certificate of Insurance in French, a Cancellation for Alberta and a new laser version of the Automobile Liability Slip. In 2001 CSIO completed a new forms project and now offers 24 CSIO forms in PDF and PCL format on either CD or through our recently enhanced web site. The demand for these forms has been strong. In the fall we enhanced these digital forms so that, in addition to simple printing, brokers can now enter data onto them, save them electronically and email them as attachments further improving the channel's efficiency.

EDI STANDARDS

EDI makes up our 2nd set of standards. We have expanded our EDI library with a nearly complete set of Commercial Standards based upon the international UN/Edifact Standard. In 2001, seven new commercial standards were incorporated into our EDI library. These included Farm, Computer & EDP, Installations, Contractor's Equipment, Transportation Trip Transit, Motor Truck Cargo and lastly Receivables, Valuable Papers and Records. Now that the Commercial EDI Standards are well established we must move forward by assisting the industry in their use.

WEB SCREEN STANDARDS AND GUIDELINES

In the second half of 1999, CSIO and its Membership embarked upon the development of a 3rd set of standards involving Web Screens. With the ease of web enablement, there was a real threat of growing inefficiency creeping into the channel through the use of dissimilar web screens by different companies. The industry took on this challenge and has now created a number of Web Screen Standards and Guidelines for our members to use. The completed transactions include Billing Inquiry, Claims Status Inquiry and First Notice of Loss for Habitational and Automobile. Our web screen library grew in 2001 with the addition of new business quote screens for personal lines automobile and habitational. These are now part of the Portal. Work is continuing on Policy Change.

XML STANDARDS

XML, our fourth standard, is a new method of achieving computer data exchange between industry partners. Personal lines XML standards work initiated in September of 2000, was completed in 2001 for use in the CSIO Insurance Portal. Our XML, which is harmonized with ACORD's XML, offers the industry numerous benefits. It delivers up to a five fold improvement in programmer productivity and at the same time it opens up the possibility of real time communication. Because of XML and the Internet, over the next few years we will witness a rapid evolution from traditional overnight EDI batch to real time communication within our industry.

STANDARD TERMINOLOGY

During 2001, CSIO completed work on a 5th standard in the form of a Terminology library, which will help to reduce inconsistencies and misunderstandings within the industry. This 5000 item library includes Insurance and Technology terms that are used commonly throughout the industry. It also includes an English - French glossary. This library and glossary will be used for the development of forms, Web Screens and documentation.

A NEW LOOK FOR CSIO'S WEBSITE

2001 brought a new look to www.csio.com. Members will find our web site to be more user friendly, more interactive and loaded with much more

CSIO OPERATIONAL REPORT

information. CSIO's web site now includes:

- Industry links
- Feedback survey for members and non-members
- CSIO brochures with an order option
- CSIO press releases
- Downloadable versions of Web Screen samples, softcopy forms, implementation guides and CSIO's annual report
- The Standard Terminology library & glossary including an online maintenance request option

CSIO INSURANCE PORTAL

We have purposely left any reference to the CSIO Insurance Portal to the end and have done so because it is an idea that embodies everything that has gone before it. The CSIO Insurance Portal is a new vision of broker-company communications. It is not just communications in a technical sense but rather communications between partners in its truest and best sense. The Portal represents industry progress through cooperation, trust and mutual success using state-of-the-art technology. From a standards perspective, the CSIO Insurance Portal employs all of the 5 new Standards that CSIO and its members have been working on so diligently over the last few years. And it also includes the goodwill and vision of the industry. It is the first of its kind, not only in Canada, but the first of its kind in the world.

At this time, development is complete apart from a few small cleanup items. IBM is performing integration testing on quick and full quote for both automobile and property and is testing all administrative functions. We expect to move to broker testing this spring and to start field rollout early to mid summer. IBAC and their provincial associations are lending their expertise to the rollout and to broker training.