

Centre for Study of Insurance Operations

DEDICATED SINCE 1981 TO ACHIEVING A COMPETITIVE ADVANTAGE FOR THE INDEPENDENT BROKER DISTRIBUTION CHANNEL



2004 Annual Report

APRIL 15, 2005
The Dominion of Canada
General Insurance Co.
165 University Avenue, 4th floor
Toronto, Ontario

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

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 2004.

Without your commitment and contribution, the successes of the past year would not have been possible.



CSIO STAFF

David Patrick, Interim CEO
Howard Bender, Manager, XML Standards
Ginette Bergeron, Coordinator, Standards & Administration
Ted Langdon, Operations Manager
Jason Lefebvre, Help Desk Support Analyst
Joy Martin, Senior Standards Analyst
Louise Poirier, Graphic Designer
Lori Scopis, Director, Portal Business Solutions
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Josée Taverna, Advisor, Standards and Technology
Marielle Tousignant, Manager, Insurance Distribution Solutions

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2004 Year in Review

The year 2004 was a very hectic but productive year for the Centre for Study of Insurance Operations (CSIO). The CSIO delivered significant value to the P&C broker based insurance industry in the area of XML and EDI Standards. Also, the CSIO, together with its partners, conducted an extensive marketing and implementation campaign resulting in over 200 brokerages committing to the Portal in Ontario.

In the face of regulatory interruptions from the provinces of Alberta and New Brunswick, the CSIO delivered 3 major releases of the industry's XML Standards. As more and more organizations implement XML, all stakeholders are rediscovering the value of standards in our complex business.

Significant work was also carried out for the maintenance of EDI Standards, which continue to be the primary format for integration between insurers and brokers in our industry utilizing CSIONet. Unplanned work for Alberta and New Brunswick was also accommodated.

The CSIO also continues to provide standards training in Toronto and Montreal and to continue the development and maintenance of forms integral to industry operations. In 2004, under the new governance model for CSIO, the Board Standards Subcommittee initiated a strategic review process to ensure alignment of stakeholder needs to the CSIO's mandate. This work will form the basis for future staffing and work plans.

The marketing and sales of the Portal in Ontario began in March, 2004, performed by our partner, the IBAO. In April, 2004 we were installing our first brokers on the Portal for Comparative Rating. By year end, approximately 200 brokers were either installed or being installed on the Portal. This number represents close to 30% of the IBAO membership.

We continue to learn a lot from the experience of these early adopters. Each new broker presented a unique technical environment. Since our first installation, we have been in continuous improvement mode to perfect this work. We thank each of our broker management system vendors without whom we could not have achieved the milestones to date.

We have received very positive feedback from brokers who have fully adopted the Portal into their workflow. From listening to our brokers, the CSIO has identified workflow or product improvement opportunities, which we implement on a continuous basis. Over 50 enhancements were made in 2004. This led to the creation of the Portal Maintenance Advisory Committee, comprising of insurers, brokers and third party vendors to all of whom advise on the priority of enhancements.

The CSIO, with industry participation, completed the business requirements for Single Sign On and New Business Submit. This work indicated the need for standards in the area of Single Sign On. This work to set a standard is planned for 2005.

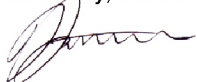
By the end of the year, the emerging strategy was to "perfect" the Portal Rating engine in Ontario, with most markets implemented, before rolling it out to other parts of Canada.

As we ended 2004, the CSIO is well positioned to take the Portal solution to the next level.

We wish to thank all the volunteer representatives from our broker customers, the insurers, the broker associations, and third party vendors for their hard work and support in 2004. It is only with their support that we were able to achieve our results.

Many of our Board members and some broker Association executives spent considerable time on committee work in 2004. This substantial involvement is due to the new governance model that the CSIO adopted in 2003. I wish to thank them for their dedication and efforts. The Portal Subcommittee included Grace Webster, Royal & SunAlliance Canada, Janet Babcock, The Dominion of Canada General Insurance Co., Alister Campbell, ING Canada, Danny Craig, Craig McDonald, Reddon Insurance Brokers, Dan Danyluck I.B.A.C., and Randy Carroll, IBAO. The Standards Subcommittee included Mark Zemp, Ridgeview Insurance Ltd. 1993 and Mathieu Lamy, AXA Insurance (Canada). The Special Subcommittee from our planning sessions included Steve Knoch, Royal & Sun Alliance, Bills Stinson, Economical Insurance Group, Randy Carroll, IBAO, and Sheldon Wasylenko, Rayner Agencies Ltd.

In closing, I personally want to thank Grace Webster, Royal & SunAlliance Canada, and Danny Craig, Craig, McDonald, Reddon Insurance Brokers, for having served on the Board of Directors for numerous years ending at this AGM. I would also like to welcome Steve Wagler, Josslin Insurance Brokers Limited and Steve Knoch, Royal & Sun Alliance, as our newest Board members. And finally, we wish to thank our CSIO staff on their continued hard work and dedication.



Mr. Robert Fitzgerald
Chairman

CSIO OPERATIONAL REPORT

CSIO INSURANCE PORTAL

2004 has been a very exciting year for the CSIO Portal, presenting all the challenges associated with launching a new product into the marketplace.

The year began with a pilot project for 3 months and then an extensive Portal Road Show in 17 cities and towns across the province put on by IBAO. Registrations began to arrive in April 2004 by which time, our processes, training and Portal Help Desk were in place.

By year-end, we had received 217 registrations. 131 brokers were in production and billable while 55 more were in various stages of work in progress. We experienced initial growing pains with our early attempts at integrating the Portal with our BMS vendor partners. Each new broker presented a unique technical environment each with its own new challenge. Our CSIO Portal Help Desk is now fully capable of handling the registration and support calls received from our brokers. We wish to thank each of Applied Systems Inc., Zycomp Systems Ltd., CIM-Data and Keal Technology for working with us to integrate our brokers at the Portal and to improve the processes on a continuous basis.

The Pilot project was launched with the rates of 13 companies for Automobile and Habitational. Over the course of the year, another 11 companies joined the Portal initiative with active projects to add their rates. This is especially good news for the brokers as the benefits of the Portal increase as the number of companies increases. Guaranteed quotes on the Portal is expected to provide enhanced service levels to the brokers based on timely and accurate quotes during their sales process. The Portal made progress in this area and we ended the year with guaranteed quotes for AXA Insurance with Aviva Insurance Inc., Pilot Insurance Company, Traders General Insurance Co., Scottish & York Insurance Company Ltd., Economical Insurance and Waterloo Insurance in progress.

The CSIO Portal is dependent on the partnership and support of our third party partners. They provide services to the Portal and our brokers such as:

- ISI and CIM-Data for the rating engines
- IBAO and IBAC for marketing and sales
- Applied Systems Inc., CIM-Data, Keal Technology and Zycomp Systems Ltd. for BMS systems
- IBM for Portal hosting and Application support
- Insurers for product rates and testing

During 2004, we further developed our third party relationships to create the strong infrastructure necessary to continue to develop and support the CSIO Portal.

We have received very positive feedback from brokers on the functionality and accuracy of the Portal rating solution. All feedback on enhancements is presented to our industry Portal Maintenance Advisory Committee. This committee approves and prioritizes maintenance requests. It is made up of brokers, insurers, third party partners, and CSIO.

The high quality EDI upload and download integration between the Portal and the BMS's highlighted industry wide implementation issues in the existing EDI transmissions between insurers and BMS's. The CSIO decided it would be in the best interest of the industry if the CSIO Standards unit were to investigate the nature and scope of the problem. We can then collectively decide on a course of action to improve the flow of data between brokers and insurers and to protect the integrity of brokers' data in his BMS.

We completed a first phase of business specifications for Single Sign On which would enable brokers to sign on to multiple insurers' systems. It was clear that there was a wide range of views on security issues both from policy and technical dimensions. It was recommended that the CSIO Standards unit set a standard for Single Sign On security. This could reduce the cost and speed up the process of connecting or integrating systems such as the Portal to multiple insurers.

CSIO OPERATIONAL REPORT

We are well positioned to firmly establish and refine the Portal Comparative Rating solution in Ontario as a first step, together with Single Sign On Standards, to plan future phases of the solution and to market it across Canada.

XML STANDARDS

2004 proved to be another productive year for the CSIO XML Standards. The beginning of the year kicked off with the annual XML Focus Meeting setting the objectives for 2004. In 2004, CSIO developed and published 3 major releases of the industry's XML standards. Release 3.0.0., the annual release incorporating all the changes from 2003, while release 3.1.0 incorporated Alberta Auto reform. Release 3.2.0 brought in further provincial changes, premium billing, and continued alignment with EDI.

A one-day XML Standards Seminar was offered in which participants enhanced their knowledge of the CSIO XML Standards.

EDI STANDARDS

Our combined EDI/XML National Standards Workgroups continued to play a leadership role in enhancing the Standards with approval of numerous maintenance requests. During 2004, member efforts resulted in publication of the 2004 Standards Directory including three interim Standards Directory on-line versions. During the year, insurer representatives from the different provinces also met with CSIO to produce Umbrella standards for personal lines insurance. A number of additional special workgroups were held to amend Standards in accordance with the recent Alberta and New Brunswick's auto insurance reforms and Quebec's amendment on insurance premium taxation. Two Special Workgroups tackled some specific issues related to the Portal and brought the Solid Fuel Heating Standards in line with the current underwriting process.

EDI implementation topics, which are critical to achieving the full value of Standards, were addressed through our e-Partners Open Forum (EPOF) and e-Partners Vendor Forums (EPVFs). Company representatives and a number of our brokers met with Applied Systems Inc., CIM-Data, Keal Technology, Zycomp Systems Ltd. and tec4 systems inc.

Training in CSIO Standards is an important facet of our activity. During 2004, three EDI Implementation Workshops were offered - two in Toronto and one in French in Quebec City. In total, 32 new participants learned about implementing CSIO EDI Standards. In 2004, CSIO also extended its new Broker EDI seminar entitled: "Demystifying EDI" for the first time in French to Quebec brokers who were interested in acquiring a working knowledge of the Standards and tips on how to make EDI more efficient regardless of the Broker Management System used.

INTERNATIONAL STANDARDS

CSIO continues to participate in various ACORD meetings including development of the XML version 2 Standards. Our work here on release 4.0.0, to be completed in 2005, will further align the CSIO XML Standards with ACORD giving additional breadth to our P&C messages.

At the UN/CEFACT meetings, CSIO continued its role as vice-chair Insurance. Work continued both at the insurance level and at the cross-domain level on core component dictionaries that will facilitate cross-border interoperability.

STANDARD TERMINOLOGY

During 2004, some 560 new terms insurance and technical were added to the terminology library for use by the P&C industry and for implementation usage such as in the development of the Portal, Forms, Web Screens and various other documents.

STANDARD FORMS

The demand for electronic, fillable standard forms from all of our members is as strong as ever. During the last year, the Additional Named Insured Form including a French version for it and the Commercial General Liability Insurance Application, were developed and released. Work was commenced on the Certificate of Insurance/Reduction Coverage Form and the re-design of the Solid Fuel Heating Questionnaire. Late in the year, the Form's workgroup also began revisions to several newly legislated provincial Auto application forms.

CSIO OPERATIONAL REPORT

NEW STANDARDS MEMBERS

CSIO continued to increase its member base with the addition of two new Quebec mutual companies, Promutuel Lévisienne-Orléans and Promutuel Valmont. In addition one new vendor joined CSIO, Promutuel Innovation.

CSIONet and CSIO HELP DESK

CSIONet, our Business Class Network Services for Canadian P&C Insurance Brokers and Companies, continues to provide EDI transmission across Canada for our members. We have seen the continuing trend of Brokerages switching from Dial-up to VPN, taking full advantage of the faster high speed dedicated access and cost savings. In 2004, 571 clients upgraded to VPN, 193 new registrations and 3 additional companies were set up on CSIONet.

The CSIONet Help Desk continued to provide superior service. We automated our client software so that requests are streamlined to Bell saving time and allowing CSIO to continue providing high quality service. We have also been working with Bell to improve our current platform, which will involve the migration of the present CSIO mail hosting platform to a new business ISP mail hosting platform.

CSIONet is the insurance industry exclusive communication network for approximately 1900 Brokerages and 33 Companies across Canada.

BACKGROUND

In 1981, CSIO was created by the broker driven P&C insurance industry movement to improve the efficiencies of the industry. CSIO has now gained wide attention with its successful implementation of industry-wide Personal Lines EDI. CSIO's design of Standard forms, its development of a community network, referred to as CSIONet, and its work on XML have further benefited the broker distribution channel. In offering the first major cross-Company Portal, for new business quoting, CSIO again brings to our membership leadership and direction.

CSIO continues to embrace its vision of delivering new products and services to improve the competitive advantage of the independent broker distribution channel within the industry. We maintain our commitment to playing a key 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.

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David Patrick

Interim CEO

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Alister Campbell
Danny Craig
Grace Webster
David Patrick

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BOARD STANDARDS SUB-COMMITTEE

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A growing partnership

Allianz Canada

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Elite Insurance Co.

Pilot Insurance Co.

Scottish & York Insurance Co. Ltd.

Traders General Insurance Co.

AXA Canada Inc.

Anglo Canada General Insurance Co.

AXA Assurances Inc.

AXA Insurance (Canada)

AXA Pacific Insurance Co.

AXA Assurances agricoles inc.

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C.A.M.I.C.

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Dufferin Mutual Ins. Co.

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Gore Mutual Insurance

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The North Waterloo Farmer's Mutual Insurance Co.

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Promutuel Lévisienne-Orléans

Promutuel Valmont

Red River Valley Mutual Insurance Co.

Saskatchewan Mutual Ins. Co.

Trillium Mutual Insurance Co.

West Wawanosh Mutual Ins. Co.

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Citadel Assurance

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Economical Insurance

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Missisquoi Insurance

Perth Insurance

Waterloo Insurance

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ING Canada

ING Insurance

ING Novex

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Western Assurance Company

SGI Canada

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Wawanesa Insurance

York Fire & Casualty Insurance Company

Insurance Brokers Association of Canada (IBAC)

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A growing partnership

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iter8 Inc.
Logiciels Deltek Inc.
Promutuel
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