

The Itinerant Auditor

- Random thoughts from the world of insurance auditing



Where NOT to Stay in Nova Scotia

Should you find yourself near Amherst, Nova Scotia we strongly suggest that you steer clear of the **Wandlyn Inn** which features rooms with cigarette burns in the carpeting, fluorescent lighting and the smell of old cooking grease throughout. The stripper bar next door may be attractive to some travellers but its charms are offset by the lack of food on Sunday nights when the restaurant closes early leaving one stranded in the marshy wilderness with only a small bag of trail mix and a dusty tea bag for dinner.

Money Laundering in Canada: Deer in the Headlights

One of the routine questions we always ask Coverholders is, “What is your policy with respect to money laundering and terrorism?”

This invariably generates a momentary “deer caught in the headlights” expression followed by various mumbled responses which usually deliver the same message: very little is being done by the vast majority of Canadian Coverholders when it comes to having a formal money laundering or terrorism policy.

It’s not entirely their fault. Canadian money-laundering legislation does not include

within its scope the Property/ Casualty insurance industry, either on the broking side or on the carrier side. In addition to the usual suspects such as casinos and securities dealers, Canadian money-laundering legislation also applies to banks, credit unions, life insurance companies, real estate agencies, and money service businesses. The Property / Casualty industry is not mentioned anywhere in the act.

Generally, most Coverholders are aware that banks are required to report all cash transactions over \$10,000 and most retail brokers seldom accept cash, except in very small amounts and then only

from little old ladies whom they have known since childhood. At least that is the story and most stick to it pretty closely.

From our point of view there are lots of ways to launder money through an insurance agency. Among other things, we routinely recommend the following controls:

- Do not accept cash payments at all;
- Obtain and verify identification for new clients ;
- Ensure that there are adequate internal controls with respect to return premiums and claims payments.

FURTHER INFO:
<http://fintrac.gc.ca/>

Travelling in Canada?

We spend a great deal of time on the road, visiting Coverholders from one end of this rather large country to the other.

While some might think that life on the road is full of glamour and that we fritter away pots of money on lavish

five star accommodations, the truth is that in many small towns we are lucky to find a decent bed and a hot meal.

Some of us have been known to travel with emergency supplies just in case the next meal proves to be harder to obtain than expected.

Over the years, we have developed a list of places across Canada where one should *not* stay, even under the most dire and pressing circumstances. You will find one of these highlighted in the box to your right.

You’ve been warned!

Canadian Market Results 2007

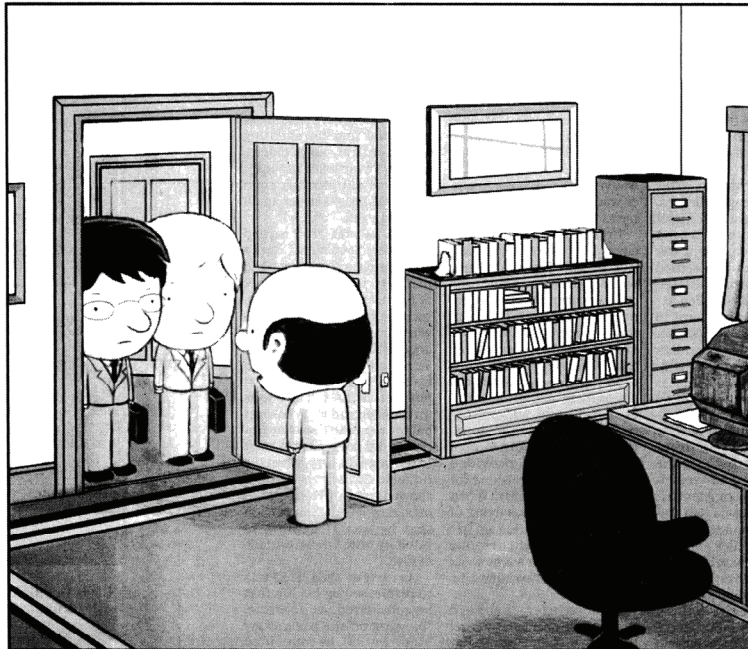
Rank	Insurer	2007 NPW (CAD\$000's)	2007 ELR
1	ING Canada	4,002,449	65.72
2	Aviva Canada	3,021,014	65.84
3	Co-operators General	1,938,608	66.51
4	TD Meloche Monnex	1,836,013	69.18
5	Economical Insurance	1,832,988	69.17
6	State Farm	1,527,610	85.42
7	AXA Canada	1,527,422	54.83
8	Royal & SunAlliance	1,503,736	61.99
9	Lloyd's Underwriters*	1,484,736	38.19
10	Wawanesa	1,466,192	74.09
11	Desjardins General	1,401,809	69.31
12	Northbridge Financial	1,047,814	64.98
13	Dominion of Canada	996,484	71.55
14	Zurich Canada	659,155	72.15
15	Kingsway Financial	585,582	63.65
16	Chubb Insurance	578,432	48.56
17	Allstate Insurance	535,800	63.55
18	American Home**	520,933	56.85
19	Ontario Mutual	383,721	61.48
20	La Capitale Assurances	366,588	65.98

* Lloyd's data is derived from a different source than Canadian markets and may not be directly comparable.

** AIG reports American Home and Commerce & Industry separately. Their combined NPW of \$597,468,000 would rank them #15.

All data is from the Canadian Underwriter 2008 Statistical Issue June 2008

It's nice to be popular...



"An audit? Sorry, not interested."