

Understanding Insurance's Key Role in our Financial System

ESSENTIAL ROLE OF INSURANCE IN THE CANADIAN ECONOMY

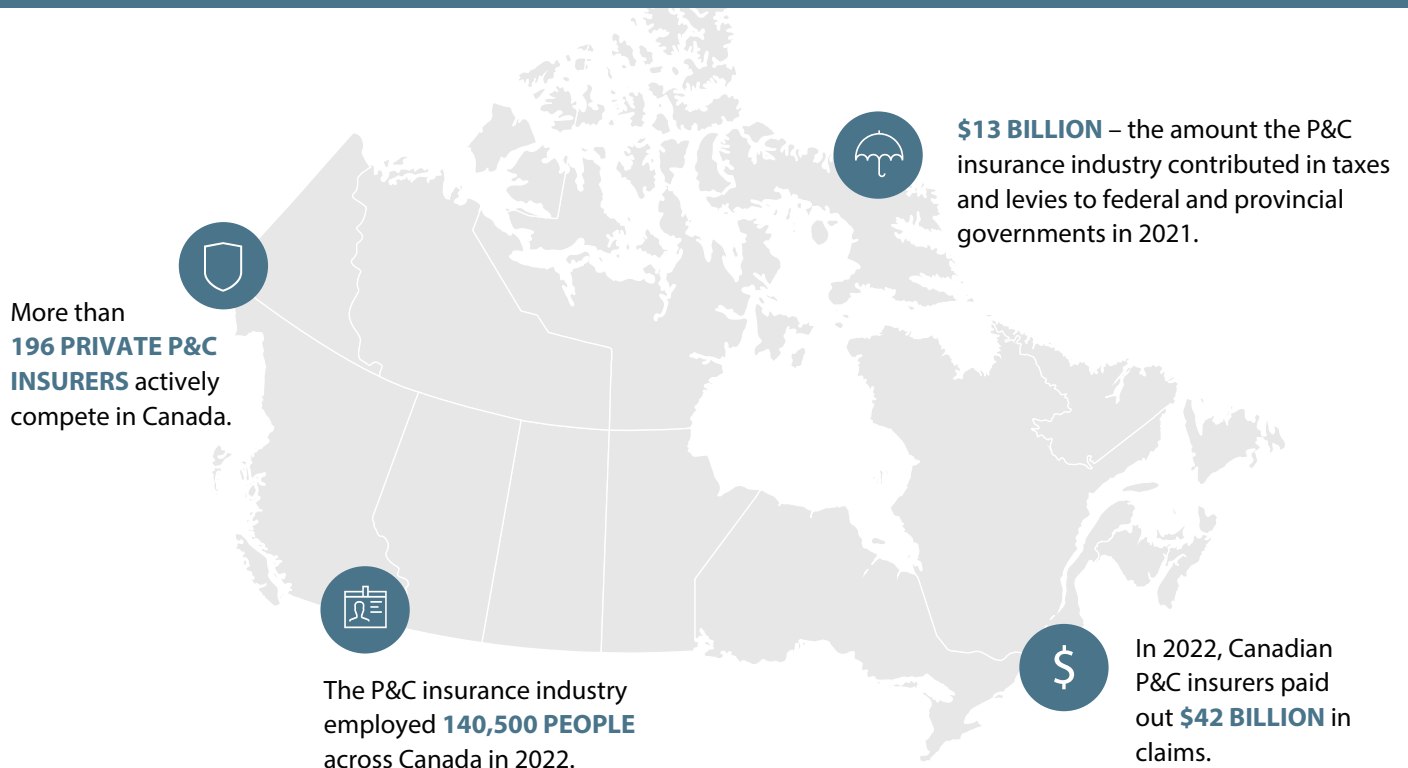
As 'financial first responders,' insurers provide relief and economic stability in times of crisis.

Without insurers, exposure to catastrophic risk would make it difficult for business and industry to obtain credit or financing from lenders or investors.

INSURANCE CONTRIBUTES TO ECONOMIC GROWTH AND FINANCIAL STABILITY BY:

- allowing different risks to be managed more efficiently
- encouraging loss mitigation
- enhancing peace of mind
- helping to relieve the burden on governments and taxpayers in managing risks

P&C INDUSTRY CONTRIBUTION TO CANADIAN ECONOMY



HOW INSURANCE FOSTERS ECONOMIC STABILITY



POLICYHOLDERS PAY PREMIUMS AT REGULAR INTERVALS



THIS PROVIDES POLICYHOLDERS WITH PROTECTION AGAINST INSURED EVENTS



PREMIUMS ARE POOLED TOGETHER INTO A COMMON FUND



MONEY FROM THE FUND IS USED TO COVER CLAIMS AND COMPENSATE POLICYHOLDERS WHO ARE VICTIMS OF INSURED EVENTS

Policyholders can be individuals or entities.

The scope of coverage is outlined in each insurance policy and will include predefined events under specific circumstances.

The sharing - or pooling - of risk is the central concept of insurance and underpins our financial system. Risks are divided among many members of a group, so that the misfortunes of one individual or group can be shared.

“Insurance should be perceived not only as a protection mechanism, but more importantly as a partnership that allows individuals and businesses to spread their wings and go where they might otherwise not have dared to go.”

- GENEVA ASSOCIATION