



Statement of Operations

For the Year Ended December 31

(\$ Millions)	<u>2007 Actual</u>	<u>2006 Actual</u>
Premiums written	\$ 3,572	\$ 3,575
Premiums earned	3,482	3,257
Service fees	66	47
TOTAL EARNED REVENUES	<u>3,548</u>	<u>3,304</u>
Net claims costs incurred during the year	2,647	2,544
Prior years' claims adjustments	(34)	99
Net claims incurred	<u>2,613</u>	<u>2,643</u>
Operating expenses (claims services, road safety and administrative)	451	434
Premium taxes and commissions	407	379
Deferred premium acquisition cost adjustment	(27)	(87)
Total expenses	<u>3,444</u>	<u>3,369</u>
UNDERWRITING INCOME/(LOSS)	104	(65)
Investment income	612	512
Gain on sale of property and equipment	19	-
INCOME - INSURANCE OPERATIONS	<u>735</u>	<u>447</u>
PROVINCIAL LICENCES AND FINES	<u>518</u>	<u>493</u>
LESS:		
Licences and fines transferable to the Province	518	493
Non-insurance operating expenses	72	72
Payment to Province for compliance operations	-	6
Commissions	21	19
Total non-insurance expenses	<u>611</u>	<u>590</u>
LOSS - NON-INSURANCE OPERATIONS	<u>(93)</u>	<u>(97)</u>
NET INCOME	<u>\$ 642</u>	<u>\$ 350</u>
Minimum Capital Test	188% ¹	148%

¹Minimum Capital Test (MCT) based on new rules reflect the changes in the guidelines as defined by the Office of the Superintendent of Financial Institutions Canada to incorporate the new Financial Instrument accounting standards which were effective January 1, 2007. MCT based on pre-2007 guidelines would have been 183%.