

FACILITY ASSOCIATION

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TO: ALL MEMBERS OF THE FACILITY ASSOCIATION

ATTENTION: CHIEF EXECUTIVE OFFICER

BULLETIN NO.: F04-064

DATE: DECEMBER 22, 2004

SUBJECT: FUNDING FOR CLAIMS ARISING OUT OF MAPLEX GENERAL INSURANCE CO.

As you are aware, Facility Association had entered into an agreement with the Provisional Liquidator of Maplex General Insurance Company, FSCO and its Agent, Deloitte & Touche Inc., to fund the Statutory Accident Benefit Claims (OMPP and Bill 164) arising out of that company with the right of subrogation against the estate. Facility Association had provided you in the past the amount of the liability that has been incurred by Facility Association with respect to these claims and again this year we have requested Deloitte & Touche to provide us with an estimate of the amount of funding which Facility Association is obligated to provide, and of the potential percentage distribution i.e. Dividend Rate.

- (a) The total funding paid and accrued by Facility Association from inception to October 31, 2004 is \$11,769,633.
- (b) In addition, there are outstanding claims provisions which currently total \$1 million. Facility Association has not accrued this amount. Facility Association will be responsible for funding the payment of this amount in due course and will expense it to bad debts at that time.
- (c) Based on information received to date, we believe it is reasonable to project a dividend receivable of 55¢ on the dollar.

In view of the above information, Facility Association will process the following:

- (i) Include \$80,141 (45% of the total accrued funding of \$11,769,633 less \$5,216,194 included in last year) as bad debts. This entry was processed in our Participation Report as at October 31, 2004. No action is required from our Members.
- (ii) Members may also wish to recognize the provision for \$1 million of outstanding claims, net of the projected 55¢ dividend rate (i.e. recognize \$450,000). Members may use their Ontario share percentage to calculate their portion.

We suggest that member companies which had a provision for bad debts in 2003 based on our Bulletin No. F04-005 dated January 19, 2004 should adjust their books according to this latest information.

We trust that you will find the above information helpful in your treatment of the funding requirements for claims arising out of Maplex General Insurance Company. Should you require any further clarification, please call Georgette Chan at 416-863-1750.

David J. Simpson, M.B.A., FCIP
President & C.E.O.