



Strengthening Ontario's New Home Warranty and Protection Program

Annual Report 2019

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The Ontario New Home Warranty Program

THE BUILDER'S WARRANTY

In Ontario, purchasers of newly built homes are entitled to warranty coverage from their builder. The Ontario New Home Warranty and Protection Program covers defects in workmanship, water penetration and major structural defects and also provides deposit protection and delayed closing compensation.

The warranty represents the builder's promise that certain standards will be met in the delivery of your home. If the standards are not met, the builder promises to address them.

The new home warranties are specified in the *Ontario New Home Warranties Plan Act*, and are limited in scope, duration and value as set out in the legislation. The warranties are a provincial minimum.

WHAT DOES THE BUILDER'S WARRANTY COVER?

Almost all newly constructed homes in Ontario have warranty coverage of up to \$300,000 over a seven-year term, including condominium conversion projects (as of January 1, 2018). There is also separate coverage of up to \$2.5 million for the common elements of a condominium (such as a lobby or garage). The warranty remains with the home for seven years, even if it is sold during this period.



BEFORE POSSESSION

- Deposit protection (up to \$60,000 on homes with a purchase price of \$600,000 or less and up to \$100,000 on homes over \$600,000. Deposit coverage of \$20,000 for condominium units*)
- Delayed closing/ occupancy (up to \$7,500)
- Financial loss for contract homes (up to \$40,000)



ONE YEAR

- Defects in work and materials
- Unauthorized substitution of materials
- Ontario Building Code violations



TWO YEARS

- Ontario Building Code health and safety violations
- Water penetration through the basement or foundation
- Water penetration into the building envelope
- Defects in the electrical, plumbing, or heating systems
- Defects in the exterior cladding



SEVEN YEARS

- Major defects in the building structure
- Defects that materially and adversely affect the use of a significant portion of the home
- Radon

*Condominium deposits are also protected by the trust provisions of the *Condominium Act, 1998*.



WHAT IS TARIION'S ROLE?

Tarion administers the *Ontario New Home Warranties Plan Act*.

Tarion's role is to help builders and home buyers resolve disputes related to warranty claims. In cases where the builder fails to, or is unwilling to, meet its warranty commitments, Tarion steps in and can provide compensation to the homeowner.

Our responsibilities under this mandate include:

- Licensing new home builders and vendors;
- Enrolling new housing units into the warranty program;
- Investigating and prosecuting illegal building practices;
- Educating new home buyers about the warranty protection they are entitled to.

In addition, Tarion manages the Guarantee Fund, which is the compensation fund from which claims to home buyers are paid.

Message from the Board Chair



Looking back on 2019, I am struck by the changes, challenges and new opportunities the year left us with. In 2019, Ontario's Auditor General undertook a thorough audit of our

organization and provided us with a series of recommendations that have become the framework for our future development. The Board received the Auditor General's report with a sense of urgency and together with staff has moved quickly to begin implementation of the recommendations. Throughout, Tarion's executives and employees have shown their commitment to an improved warranty program for all. I thank them on behalf of our Board of Directors.

LEADERSHIP CHANGES

2019 was also a year of leadership renewal at Tarion. Our former Chair, Paul Golini, stepped down and our former President & CEO, Howard Bogach, retired. On behalf of the Board and all employees, I would like to express our thanks and appreciation to Paul and Howard for their work, commitment and guidance. We wish them the very best in whatever comes next.

I was proud to be appointed as Chair and am excited to work together with Tarion's new President & CEO, Peter Balasubramanian. Peter's knowledge of our sector, organization and stakeholders – and the high regard in which he is held – position him well to take Tarion forward.

ORGANIZATIONAL TRANSITIONING

Moving Tarion forward requires skillfully managing the transition away from performing the regulatory aspects of our work, to a sole focus on being the warranty/surety provider in the province. The Auditor General cited confusion among our stakeholders about Tarion's role, and we look forward to bringing clarity to our mission and vision. Moving away from

the regulatory function also means strongly supporting the Home Construction Regulatory Authority (the HCRA) to prepare to be designated as the new regulator of home builders and vendors under the New Home Construction Licensing Act, 2017 (NHCLA). Until the new regulator of new home builders and vendors is fully established, Tarion will continue to perform the regulatory functions and Peter, his team, and the Board are working collaboratively with the HCRA to ensure a successful transition.

GOVERNANCE CHANGES

The Auditor General recommended a review of our Board composition to ensure no stakeholder group would have any advantage over any other one.

As a Board, we immediately responded by implementing a new governance structure that provides a higher degree of independence and balance of perspectives from governance experts, homeowners, industry and government. We have modified our 2020 key performance indicators to completely remove any perception of profit-generation as a motive for management action, while maintaining the discipline of financial sustainability. In all we do, we keep at the forefront that our organization must be open, transparent and relentlessly focused on protecting consumers while ensuring predictability, expertise and long-term stability for the sector.

Moving forward successfully also requires listening to those who know you best. We have undertaken a series of consultations with stakeholders to hear directly from them about how we can do better. As an Administrative Authority, we are now shaping a modernized business model that reflects the feedback of 2019, and that we believe will be dynamic and meet the expectations of homeowners and industry participants across the province.

Finally, at the time of writing, we are all doing our part to flatten the curve and defeat the global COVID-19 outbreak. I join with Peter in wishing you and yours health and wellness through this period of great challenge and uncertainty. Together we will emerge from this, of that I am certain.

As the new Chair of the Board, I look forward to working with the Minister of Government and Consumer Services, the Board, management and all our stakeholders as together we do our part in implementing the recommendations of the Auditor General's report, supporting the HCRA's preparation to be designated as the new regulator and ensuring a superior service experience for homeowners when engaging with Tarion.

Sincerely,

Hari Panday, FCPA, FCGA, ICD.D
Chair of the Board

Message from the President & CEO



This annual report looks back at the challenges and accomplishments of the organization over the course of 2019. But as I write this note, the province, and the world, are grappling with the

implications of the COVID-19 outbreak. Let me begin my message with a heartfelt wish for the health and well-being of our staff, our stakeholders, and their families and friends.

As Hari Panday, Tarion's Board Chair, has pointed out, 2019 saw the culmination of a series of reviews of Tarion and its consumer protection role. While the year ended with the government endorsing a single provider model to administer the warranty program, that decision was made against a backdrop of criticism, including that the organization's policies were seen as favouring builders over homeowners, that the customer service standard rules were too rigid, and that there were gaps in staff training and operational quality control.

We take these criticisms seriously and are committed to addressing them. Many of these issues were documented in the recommendations made by the Auditor General in her report released in October 2019. We accepted those recommendations and, since receiving them, have worked to address the issues raised and rebuild trust with all of our stakeholders.

We have already implemented significant changes. In response to the Minister's Orders issued in the fall of 2019, our Board has changed its composition to ensure that no single stakeholder group has an advantage over another, and we have adopted new governance competencies including dispute resolution and consumer orientation.

We have also been working hard to support the development of a separate regulatory authority – the Home Construction Regulatory Authority – which would, if designated, take over the licensing and regulatory functions from Tarion. Tarion will continue as a surety organization focused on managing warranty claims and dispute resolution. This separation of roles will create two entities with clear mandates and accountabilities, free of inherent or perceived conflicts.

As the new President & CEO of Tarion, I recognize the work that we have ahead of us is significant – not only in implementing improvements to how we operate but also in re-shaping the scope of our responsibilities. I look forward to leading our organization as we take on this ambitious and critically important mandate.

I want to take this opportunity to thank our employees, management and the Board of Directors for their support and their commitment to Tarion's transformation and the renewal of the Ontario New Home Warranty and Protection Program.

Sincerely,

Peter Balasubramanian

President & CEO

April 2020 Note: The Impact of COVID-19

On March 11, 2020, the World Health Organization declared COVID-19 to be a global pandemic. In the weeks that followed, the federal and Ontario governments announced measures to limit the spread of the virus that affected virtually every aspect of the economy and society.

In response to the pandemic, Tarion took various precautionary measures and adjusted our operations to ensure the health and safety of our employees as well as homeowners, builders and the greater community. We closed our corporate office and moved our staff to work remotely while leveraging technology to ensure that the situation did not negatively impact our customer service and support for both homeowners and builders.

As a further response to the physical distancing directives from Public Health Ontario, Tarion implemented a temporary suspension of all inspections, conciliations, builder repair periods and in-person meetings. When the Ontario government then issued an Emergency Order suspending all limitations and deadlines under provincial legislation and by-laws, Tarion took the additional steps of pausing all warranty claim submission and reporting deadlines, as well as extending the suspension of all in-person interactions (including inspections, repairs and conciliations) until after the Emergency Order is lifted.

Throughout the evolving COVID-19 outbreak, Tarion has put health and safety at the forefront and provided guidance to both homeowners and industry regarding access to homes, pre-delivery inspections, delays and emergency repairs. The nature of the outbreak and the attendant emergency orders has been both unprecedented and ever-changing. We acknowledge that some of the operational decisions we have made have impacted our service delivery, and our plan is to return to a normal operating environment as soon as health and safety considerations permit.



386,706

2019 Total Homes Under Warranty (Restated)*

2018	383,845
2017	378,586
2016	376,963
2015	367,750



1,913

2019 Number of Homes with an Inspection

2018	1,757
2017	1,442
2016	1,432
2015	1,515



\$289M

2019 Total Equity

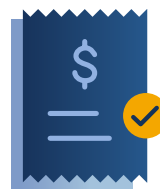
2018	\$266.4M
2017	\$275.2M
2016	\$252.2M
2015	\$228.7M



901

2019 Number of Homes with Claims Paid

2018	805
2017	638
2016	721
2015	657



\$18.6M

2019 Total Compensation Paid to Homeowners

2018	\$17.4M
2017	\$13.6M
2016	\$13.1M
2015	\$11.6M

*The numbers are based on the Year of Possession and restated every year.



64,964

2019 Total Enrolments

2018	63,009
2017	68,945
2016	58,648
2015	57,788



32,137

2019 Freehold Enrolments

2018	29,580
2017	36,779
2016	35,991
2015	34,390



32,827

2019 Condominium Enrolments

2018	33,429
2017	32,166
2016	22,657
2015	23,398



30,755

2019 High-rise Condominium Enrolments

2018	31,169
2017	29,509
2016	19,933
2015	21,202



2,072

2019 Low-rise Condominium Enrolments

2018	2,260
2017	2,657
2016	2,724
2015	2,196



52,252

2019 New Home Possessions (Restated)*

2018	56,332
2017	58,328
2016	56,042
2015	57,325



25,789

2019 Number of Homes with 30-Day Forms Submitted*

2018	27,524
2017	27,575
2016	25,872
2015	27,061

49%

2019 Percentage of Homes with 30-Day Forms Submitted*

2018	49%
2017	47%
2016	46%
2015	47%

2019 Number of Year-End Forms Submitted*

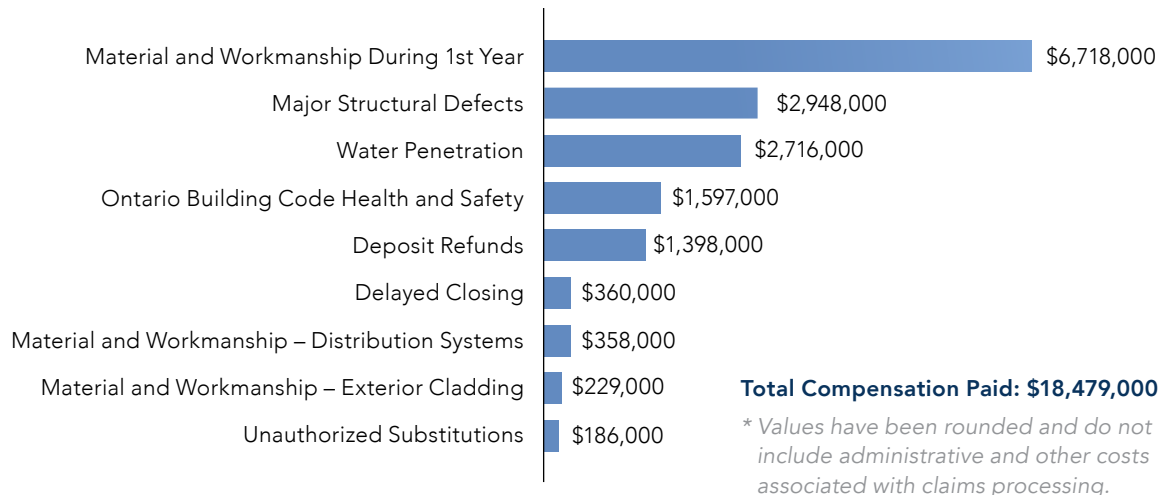
2018	22,505
2017	24,152
2016	21,022
2015	22,366

2019 Percentage of Homes with Year-End Forms Submitted*

2018	40%
2017	41%
2016	38%
2015	39%

* The numbers are based on the Year of Possession and restated every year. Statistics for Year-End Forms are not provided for the year 2019 because possessions for 2019 are not yet eligible for the Year-End Form submission.

2019 Homeowner Compensation by Type of Coverage*



45

2019 Homes with Early Intervention Completed



61,930

2019 Forms Submitted via MyHome



\$4M

2019 Total Paid in Claims on Illegally Built Homes

Rebuilding Consumer Confidence

For more than 40 years, the Ontario New Home Warranty and Protection Program has helped protect consumers when investing in one of the biggest purchases of their lives. In that time, the program – and Tarion as its administrator – has evolved, changing policies, warranty coverage, processes, tools and approaches to adapt to the expectations and realities of the new home sector.

In 2019, the Ontario government mandated a number of changes to the program and to Tarion to further strengthen protection and to promote trust and confidence for consumers. Tarion is in full support of the government's objectives and is working to fulfill the Minister of Government and Consumer Services' orders to increase transparency and accountability.



GOVERNANCE

The Minister of Government and Consumer Services issued orders in November 2019 to transform Tarion's governance structure. The change involved the reduction of the Board to 12 members (down from the previous 16), a limitation on the percentage of directors from industry (34 per cent), and the reflection of a variety of competencies, including dispute resolution and a positive orientation for proactive consumer protection initiatives. The new Board structure addresses the recommendations of the Auditor General. The newly reconstituted Board was posted on Tarion's website on March 23, 2020.



CONSUMER PROTECTION

In December 2019, the government introduced Bill 159 – the *Rebuilding Consumer Confidence Act* – which proposes improvements to the Ontario New Home Warranty and Protection Program. With the goal of making the program more consumer-focused, the bill calls for changes to the current single administrator model including: enhancing the dispute resolution process and delivering new measures to promote better-built new homes. The bill has undergone public consultation and is making its way through the legislative process.



COMPENSATION DISCLOSURE

On September 30, 2019, the Minister issued an order directing Tarion to disclose its Board and executive compensation effective as of October 15, 2019. Tarion fully supported the government's mandate to enhance transparency and has since posted its compensation framework as well as statements of Board and executive compensation for 2018 and 2019. This information is posted on Tarion's website and will continue to be disclosed on an annual basis at the end of the first quarter (March 31) each year.

Auditor General Review and the Road to Change

Beginning in November 2018, the Auditor General of Ontario embarked upon a review of Tarion's operations. Over the subsequent 11 months, the audit team reviewed documentation, processes and materials as well as interviewed staff, management and Tarion's stakeholders. After completing this information-gathering work and analysis, the Auditor General published her findings and recommendations in a report entitled *Special Audit of the Tarion Warranty Corporation*. The report, released publicly on October 30, 2019, is available on the Auditor General's website at www.auditor.on.ca.

The Auditor General confirmed that the audit team "received Tarion's full co-operation during the course of this audit and its agreement to fully implement the recommendations in this report." The report included 32 recommendations covering corporate governance, customer service, the warranty process, licensing and underwriting, communications, staff training, and compliance and investigations. Tarion accepted the Auditor General's recommendations and has proceeded to address each recommendation, working in collaboration with the government and the HCRA (as they prepare for potential designation as the new regulator of builders and vendors) to find the most effective way to implement the changes.

ON THE ROAD TO CHANGE

In response to the Auditor General's report, Tarion has been working to improve our accessibility, transparency and service to homeowners. Some initiatives were already underway prior to the final audit findings while others directly respond to recommendations noted in the report. The following are some highlights of improvements to date.

INCREASING OUR RESPONSIVENESS

To improve our response time and call capacity, Tarion has implemented a new interactive voice response system. Our Contact Centre can track call volume, wait times and available staff via a dashboard that allows them to make real-time

adjustments. We have also added additional staff, including staff dedicated to quality assurance to conduct regular audits of call quality.

For homeowners seeking information outside of business hours or who would prefer to find answers online, we are continuing to expand the availability of our digital assistant. This ChatBot tool, which was first launched in 2018, is able to assist homeowners with questions and instructions within our MyHome warranty management portal and our new, user-friendly homeowner landing page on Tarion.com.

ENHANCING ROLE CLARITY

In the Auditor General's review of Tarion, she noted some confusion as to Tarion's role, due in part to our name being 'Tarion Warranty Corporation'. Since it is builders who provide the warranty to new homeowners, one of the recommendations was for Tarion to consider removing 'warranty' from its name or to choose another name.

In response to this recommendation, we are taking steps to remove the use of the term 'warranty' in references to Tarion in our consumer communications, beginning with this annual report. Coupled with other improvements, such as enhanced clarity on roles and responsibilities and the warranty process, we hope that this change will contribute to a greater understanding of Tarion and the Ontario New Home Warranty and Protection Program.

MAPPING OUT THE WARRANTY CLAIMS PROCESS

Resolving a warranty claim is a multi-step process that begins with a homeowner alerting their builder to an issue with their new home. Throughout the process, Tarion is available to provide assistance in a variety of ways. To better explain the steps, roles and responsibilities, and how and when homeowners can ask for help, we added an **interactive diagram** to the website along with explanations of various dispute resolution options.

Auditor General Review and the Road to Change

INCREASING TRANSPARENCY

To enhance Tarion's accessibility and transparency, we are making changes to our Annual Public Meeting (APM). The APM is an opportunity for Ontarians to learn more about what we do, and to ask questions about the Ontario New Home Warranty and Protection Program. In 2016, Tarion introduced a webcast-only APM to accommodate people who couldn't attend in-person because they lived too far away. In response to a recommendation of the Auditor General, Tarion had intended to hold its 2020 APM as both an in-person meeting as well as a webcast. Due to physical distancing directives in response to the COVID-19 outbreak, however, the 2020 APM will be held as an interactive online meeting and an in-person meeting will be introduced in 2021.

HELPING HOME BUYERS

In response to several announcements by the government to strengthen protection for new home buyers, Tarion has taken the following steps:

Helping home buyers make informed decisions

Whether you're buying a pre-construction home or looking for someone to build a home on land you already own, choosing a registered builder is a critical first step. In 2019, Tarion added additional information and search tools to the Ontario Builder Directory (OBD) to allow new home buyers to learn more about their potential builder's history. Potential condominium purchasers can now look up the status of a condominium project and see a developer's cancellation history (since January 2018). In addition, the OBD includes a Conviction Search function that displays convictions for illegal building and any penalties levied by the provincial courts against a builder. A consumer advisory on the OBD home page also highlights the most recent condominium cancellations, convictions and licensing notifications.

In 2020, in response to recommendations of the Auditor General, we will add further information on a builder's claims history, including any outstanding claim amounts owed to Tarion. We have also been

working to transfer the OBD to the HRCA as they prepare to be potentially designated as the new regulator.

Promoting quality construction

In the fall of 2019, Tarion launched a pilot inspection project targeting high-risk builders. The inspection pilot involved onsite assessments of new homes under construction to identify potential defects and Ontario Building Code violations that builders would be required to resolve prior to completion and/or sale of the home. By the end of the year, we had conducted 18 inspections and are using the learnings from these inspections to further improve and expand the program.

Enhancing dispute resolution

The warranty claims process includes a number of possible options for resolving disputes, including conciliation, early intervention, mediation and the Licence Appeal Tribunal. In 2019, Tarion launched an external mediation pilot for cases in which Tarion had already made a decision but in which the homeowner wanted to appeal. The pilot will be expanded in 2020 to determine if it may be a viable option to address the Auditor General's recommendation of introducing an additional resolution pathway for homeowners prior to proceeding to the Licence Appeal Tribunal.

PREPARING HOME BUYERS FOR PRE-DELIVERY INSPECTIONS

The pre-delivery inspection, or PDI, is a purchaser's first opportunity to walk through their new home before taking possession. The PDI is an important part of the home-buying journey because it allows purchasers to learn how the home's systems work and to note any items that are damaged, missing or incomplete. In her report, the Auditor General recommended that Tarion find ways to ensure home buyers learn about the PDI earlier in the home-buying process and understand the importance of this step in protecting their warranty rights. In response to this recommendation, we have updated our PDI Checklist and are developing additional tools, including a new PDI tips video for home buyers that can be shared by builders, real estate professionals and lawyers.

Purchasing Pre-construction Condominiums

When purchasing a pre-construction condominium, there is always a chance that the project or phase of the project could be delayed or cancelled. In the wake of several high-profile condominium project cancellations, Tarion initiated several consumer protection measures to help educate and inform prospective condominium buyers regarding the potential risks, including:

MANDATORY DISCLOSURE

An agreement of purchase and sale is a lengthy legal document that includes a number of parts, including an addendum that details such information as early termination conditions, timelines and project status. In order to highlight these and other critical details for potential buyers of residential units in a standard or phased pre-construction condominium project, Tarion developed a new information sheet that, as of January 1, 2020, must be attached to every standard or phased pre-construction condominium purchase agreement. The information sheet includes the following:

- pre-construction condominiums come with the risk that they may never be completed;
- early termination conditions that would allow a developer to cancel a project;
- information about the status of the development (e.g., formal zoning approval, relevant approval authority and date of commencement of construction);
- information about any restrictions on the developer's land title that may prevent the project from going forward;
- a purchaser has an initial 10 days under the *Condominium Act, 1998* to cancel a sales agreement; and
- the expected date when a purchaser can take occupancy.

Tarion conducted public consultations in the development of the information sheet and published registrar's advisories to alert industry of the effective date of the new rules. The HCRA, if designated, will assume responsibility for ensuring condominium developers and vendors comply with this required disclosure.

CONDOMINIUM PROJECT SEARCH

Prior to deciding on where and from whom to purchase, condominium buyers are now able to learn more about condominium projects and builder history. In the fall of 2019, Tarion introduced a new Condominium Project Search tool on the Ontario Builder Directory that allows prospective buyers to search for condominium projects by name and/or location and receive important information, including the name of the vendor/builder, the project name, the status of the project and the number of units. They can also see cancelled projects and any builders who have been convicted under the *Ontario New Home Warranties Plan Act*.

CONDOMINIUM BUYER EDUCATION

As condominium buyers are protected under both the *Ontario New Home Warranties Plan Act* as well as the *Condominium Act, 1998*, the government requested that Tarion work jointly with the Condominium Authority of Ontario to educate consumers on the risks of buying pre-construction. Throughout 2019, the two organizations undertook a variety of activities including presentations, advertising, videos, blogs, podcasts, articles, web content and information pieces, such as the *Five Things You Should Know When Buying a New Condo* postcard.

Future of Industry Regulation

In February 2019, the Ontario government announced plans to strengthen consumer protection by establishing a separate regulator of new home builders and vendors in the province.

The Home Construction Regulatory Authority has been preparing to be potentially designated as the new regulator of builders and vendors by the Ontario government. Tarion, in turn, has been working collaboratively to ensure the smooth transition of its current licensing and compliance functions. Upon the designation of the new regulator, Tarion will continue to administer the Ontario New Home Warranty and Protection Program, focusing on consumer protection, warranty claim management, and dispute resolution.

In 2019, there were...



476

New Registered Builders

2018	494
2017	530
2016	568
2015	596



4,714

Renewals



18

Refused Registrations/
Renewals



160

New Builders with Core
Competencies Required

Performance Measurement

Tarion uses a number of measures to gauge and improve our customer service performance each year. These metrics are included in our key performance indicators.

ANNUAL HOMEOWNER SURVEYS

Our annual customer satisfaction surveys allow homeowners to rate the performance of both their builder and Tarion, and to share their experience throughout the purchase, possession and after-sales stages of ownership. Homeowners in their first year of possession and homeowners who are in Years 2 to 7 of possession are invited to participate in the surveys in the fall of each year.

We use homeowner feedback about their builder to acknowledge best practices in customer service and to provide feedback to builders on how they can improve. Where responses are statistically valid, builders are provided with a copy of their results, as well as a comparison of their results to those in their category.

The results of the first-year survey are also used to determine the finalists and recipients of the Homeowners’ Choice Awards in four categories: High-Rise (more than 100 high-rise possessions in the year); Large Volume (more than 100 freehold possessions in the year); Medium Volume (21–100 possessions in the year); and Small Volume (5–20 possessions in the year). These awards recognize service excellence and the recipients have their awards listed in their profiles on the Ontario Builder Directory.



The following represents our survey sample and response rates for 2019:

Customer Satisfaction Survey	Number of Homeowners Invited to Take the Survey	Number of Survey Responses	Completion Rate
Homeowners in Year 1 of possession	45,303	8,500	18.8%
Homeowners in Years 2 to 7 of possession	147,317	16,147	11%

Homeowner Survey – Year 1

Survey results showed that 64 per cent of homeowners felt that their builder had met or exceeded their expectations while only 55 per cent would recommend their builder to family or friends. In general, smaller-volume builders continue to have the most satisfied homeowners, particularly in the area of customer service prior to move in (61 per cent and 65 per cent for small and micro builders versus 48 per cent and 52 per cent for high-rise and large builders).

Satisfaction with Tarion – measured by the Service Orientation Index – decreased by just over 3 per cent, from 83.8 per cent in 2018 to 80.5 per cent in 2019. This index is based on three measurables: accessibility, listening and ease of doing business. Tarion continues to rate the highest on accessibility, but all three measures saw a decline from the previous year. There was also an overall decline (approximately 5 per cent to 7 per cent) in homeowner satisfaction with the claims and conciliation process, which is consistent with the findings in the Auditor General’s report and is one of the priority areas for improvement for 2020.

Key Performance Indicator Elements	2019 (%)	2018 (%)	2017 (%)	2016 (%)	2015 (%)
Tarion is accessible to homeowners	85.0	87.4	85.7	85.8	87.3
Tarion listens to the needs and concerns of homeowners	78.1	81.9	78.9	79.5	78.4
Tarion is easy to do business with	78.5	82.0	79.5	79.6	76.8
Homeowner Service Orientation Index	80.5	83.8	81.4	81.6	81

Annual Homeowner Survey – Years 2 to 7

Homeowners in Years 2 to 7 have remained consistent in their satisfaction with how their builder met expectations (58 per cent) and with their builder’s commitment to customer service (70 per cent, an increase of 1 per cent from 2018).

Although results show an average decline of 3 per cent in satisfaction scores for Tarion, 85 per cent of Year 2 to 7 homeowners report that customer service has improved or stayed the same.

Respondents Agree Tarion...	2019 (%)	2018 (%)	2017 (%)	2016 (%)	2015 (%)
Is accessible	81	84	84	85	84
Helps new homeowners understand their warranty rights and obligations	75	78	78	79	77
Listens to needs and concerns	70	74	74	73	72
Is easy to do business with	71	74	74	75	70
Makes sure new home builders fulfill their warranty obligations	69	72	72	71	68

ANNUAL BUILDER SURVEY

Tarion’s annual builder survey gathered feedback from 206 builders across all categories (micro, small, medium and large volume as well as high-rise). To ensure smaller builders in the province were well-represented, over half the sample was micro or small builders. Results from 2019 showed a drop in the key measurables with the Service Orientation Index decreasing from 79 per cent to 72 per cent.

Overall, larger builders tend to have higher satisfaction ratings than smaller builders, which indicates that Tarion needs to work harder to meet the needs of those with smaller operations.

With regard to performance, builders in all categories ranked Tarion highest in the ‘Encouraging builders to provide good customer service’, ‘Courtesy’, ‘Educating builders about the warranty’ and ‘Providing timely and effective service’ categories.

Key Performance Indicator Elements	2019 (%)	2018 (%)	2017 (%)	2016 (%)	2015 (%)
Tarion is accessible to builders	78	86	91	92	90
Tarion listens to the needs and concerns of builders	64	72	77	77	76
Tarion is easy to do business with	75	78	82	80	78
Service Orientation Index	72	79	83	83	82



INTERACTION SURVEYS

In 2019, Tarion’s Contact Centre received an estimated 68,330 calls and fielded 51,742 emails. In order to gauge our customer service in real time, in 2018, we introduced interaction surveys to gather feedback from homeowners and builders on their experience with Contact Centre calls as well as conciliation inspections. The surveys asked participants to rate their satisfaction on elements such as professionalism, courtesy, ability to answer questions and follow-through. Over the course of 2019, 4,396 homeowners and 70 builders completed surveys on their Contact Centre interactions and rated their satisfaction as 85 per cent and 86 per cent, respectively.



HOMEOWNERS' CHOICE AWARDS

HOMEOWNERS' CHOICE AWARDS

The Homeowners' Choice Awards recognize builders for their customer service based on the opinions of their homeowners. The awards promote good customer service by recognizing registered builders who fulfill their warranty obligations and serve their homeowners well.

The finalists and recipients are selected via annual customer service satisfaction surveys sent to new homeowners who have taken possession of a home in the previous year. The survey asks homeowners to rate their satisfaction with their builders, from the point of signing of the agreement of purchase and sale, through construction and the pre-delivery period, to after-sales service.

The 2019 Homeowners' Choice Awards were based on the results of 8,500 surveys completed by homeowners.

2019 Homeowners' Choice Award Recipients:

Chris King and Sons Construction Ltd.
Small Volume Category

Timberland Homes
Medium Volume Category

Hayhoe Homes
Large Volume Category

Brookfield Residential
High-Rise Category



ERNEST ASSALY AWARD

Each year, Tarion presents the Ernest Assaly Award to recognize a new home builder who is a leader in quality home building, innovation and community service.

The winner of the 2019 Ernest Assaly Award was The Daniels Corporation.

Governance

LEADERSHIP TEAM



Peter Balasubramanian
President & CEO



Gena Argitis
Vice President &
Chief Administrative Officer



Kevin Brodie
Vice President, Underwriting



Sophie Vlahakis
Vice President, Warranty Services



Edmond Lee
Vice President &
Chief Financial Officer



Tieu-Minh To
Assistant Vice President, Finance



Tim Schumacher
Vice President & General Counsel



Lesley Ross
Corporate Secretary



Bill Wallace
Vice President &
Chief Information Officer

Left the organization in 2019: Siloni Waraich, Vice President, Stakeholder Engagement; Eileen Holden, Vice President, Human Resources; Howard Bogach, President & CEO

2020 BOARD OF DIRECTORS



Hari Panday, FCPA, FCGA, ICD.D
Chair, Director at Large



Andy Kenins, CPA, CA, ICD.D
Vice Chair, Director at Large



Marni Dicker, ICD.D
Director at Large



RJ Falconi, B.Sc., JD., ICD.D
Ministerial Appointee



Greg Graham, Pro.Dir
Industry Nominee



Sheldon Libfeld
Industry Nominee



John A. Macintyre, C. Dir.
Director at Large



Glen Padassery
Ministerial Appointee



Marc Sammons
Industry Nominee



Peter Shurman
Ministerial Appointee



Toby Stolee
Industry Nominee



Sameer Malik
Ministerial Appointee

The following is a list of individuals who served on the Board for all or part of 2019. The 2019 Board was 16 members but has since been reduced to 12 in 2020.

Loralea Carruthers	Sheldon Libfeld
RJ Falconi	John Lieou
Bob Finnigan	Glen Padassery
Victor Fiume	Hari Panday
Dan Gabriele	Lynn Peterson
Frank Giannone	Justin Rangooni
Paul Golini Jr.	Lea Ray
Greg Graham	Scott Reid
Andy Kenins	Wendy Rinella

Tarion is governed by a Board of Directors with members who represent a wide variety of relevant skills including consumer awareness, dispute resolution, financial literacy, industry expertise, communications, strategic planning and corporate governance.

The Board is responsible for the stewardship of the organization, including promoting sound governance practices, conducting regulatory oversight and taking a leading role in setting the strategic direction of the organization. The Board has delegated the responsibility for the day-to-day management and operation of the company's business to management. The Board does not make operational decisions. The Board is, however, responsible for overseeing management in carrying out this responsibility.

GOVERNANCE POLICIES

The Board of Directors of Tarion is committed to a series of governance policies that are intended to support the oversight role of the Board and to ensure that the Board acts in the best interest of the company (Fiduciary Duty), taking into account its consumer protection mandate and the interests of its stakeholders (Duty of Care). Some highlights of the Board's current governance practices include the following:

Independence

To ensure independence of the Board and management, an outside director is elected and serves as Chair of the Board. The Board is comprised entirely of outside directors.

Code of Governance Practices

The Board has adopted a Code of Conduct & Governance Practices, Confidentiality and Conflict of Interest Policy that each member of the Board is required to sign annually. This Code is intended to help the directors fulfill their responsibilities to the company with appropriate discipline and dedication and communicate the Board's expectations throughout the company.

Meetings

The Board and its committees meet regularly according to a schedule established each year by the Board, and at such other times as the Board may determine necessary for uninterrupted running of the company's business. Meeting agendas are developed in consultation with the Board and committee Chairs, respectively. The Chair is responsible for ensuring that a suitably comprehensive information package is sent to each director in advance of each meeting.

Directors are expected to be fully prepared for each Board and committee meeting. At a minimum, they are required to have read the material provided to them prior to the meeting. During the meetings, each director is expected to take an active role in discussion and decision-making. To facilitate this, the Chair is responsible for fostering an environment that is conducive to open discussion and debate.

The Board and its committees meet without the presence of management at each of its meetings.

Financial Controls

The Audit & Risk Committee of the Board is composed entirely of independent directors whose responsibilities are set forth in a detailed Committee Terms of Reference. The Committee has the ability to deal directly with the external auditor regarding the company's annual financial statements, and with the external actuary regarding the warranty liabilities of the company, or any independent advisor for receiving assurance on any issues. Tarion has established an internal audit mandate. To fulfill this mandate, the company has engaged the services of a public accounting firm to provide internal auditing to maintain and improve the company's internal control environment. The internal auditor has a direct reporting relationship to the Audit Committee.

Risk Management

The Board, together with the Audit & Risk Committee, monitors, reviews and approves corporate policies that govern management of capital and the enterprise-wide integrated risk management framework, as well as compliance with company policies and regulatory requirements. A risk management sub-committee, composed of Tarion's senior managers, also identifies emerging issues and regularly reports to the Audit & Risk Committee. On a monthly basis, management assesses Tarion's operational experience against established risk appetite limits and reports material breaches to the Board via the Audit & Risk Committee highlighting any need for mitigating actions. In addition, a comprehensive dashboard of Key Risk Metrics is reviewed quarterly with the Board.

The Board continues to review Tarion's existing Risk Appetite Framework and revised the company's risk inventory and metrics while implementing a comprehensive Own Risk and Solvency Assessment (ORSA) as per guidelines issued by the Office of the Superintendent of Financial Institutions (OSFI) for federally regulated insurers.

Strategic Planning

The Board engages in a strategic planning process each year that takes into account business policy initiatives and opportunities, operational and financial risks, and emerging risks and opportunities. Throughout the year, the Board reviews corporate performance against the company's annual business plan and the current strategic plan.

Annual Performance Objectives

The Board approves the annual corporate business plan and key performance indicators. The Board evaluates the President & CEO against performance objectives established by the Board. This evaluation is conducted in an *in-camera* session and is supported by a mid-year review. The President & CEO reports annually to the Board through the Human Resources & Compensation Committee on senior management performance and succession planning.

Director Orientation (On-boarding) and Continuing Education

The Governance & Regulatory Affairs Committee is responsible for providing an orientation and continuing education program for the directors. Newly appointed directors attend orientation sessions that are intended to familiarize new directors with our business and operations, including management structure, strategic plans, finances, opportunities and risks.

New directors can meet with management and other members of the Board. New directors are also provided with a package of detailed information to assist them with learning about the organization.

As part of ongoing education, management personnel or outside experts make presentations from time to time to educate the Board on specialized topics; new issues and developments in consumer protection; and legal, regulatory and industry initiatives.

All directors are members of the Institute of Corporate Directors, which offers director education programs and provides access to current research and publications to enhance knowledge concerning governance and director responsibilities.

RESPONSIBILITIES OF THE COMMITTEES OF THE BOARD

The Board has the authority to establish and carry out its duties through committees and to appoint directors to be members of these committees. The Board assesses the work and recommendations of the Board committees, and the constitution and workplan of each committee is reviewed annually or more frequently, as circumstances require. From time to time the Board may create ad hoc committees or task forces to examine specific issues on behalf of the Board.

The Board has established the following standing committees: (1) Audit & Risk Committee; (2) Consumer Committee; (3) Governance & Regulatory Affairs Committee; (4) Human Resources & Compensation Committee; and (5) Investment Committee. The Board has also established a Condominium Task Force and a Consumer Advisory Council.

All committee meetings have regularly scheduled *in-camera* meetings without the presence of management.

Independent Ombudsperson

The mandate of the New Home Ombudsperson Office is to investigate and resolve complaints from homeowners about Tarion's conduct; act as a source of information to help homeowners in getting assistance from Tarion; and to identify issues and make recommendations for improvements. In 2019, the Auditor General recommended steps be put in place to formalize the independence of the Ombudsperson Office from management. The Ombudsperson now reports directly to the Board of Directors through the Consumer Committee, and the Board is responsible for reviewing the Ombudsperson business plan and budget and providing input into the Ombudsperson performance evaluation. The Board has also established key performance indicators for the Ombudsperson Office.

AUDIT & RISK COMMITTEE

2019 Members:

Andy Kenins, CPA, CA, ICD.D, Chair
Hari Panday, FCPA, FCGA, ICD.D, Vice Chair
Paul Golini Jr., ICD.D
Sheldon Libfeld

2020 Members:

Andy Kenins, CPA, CA, ICD.D, Chair
Hari Panday, FCPA, FCGA, ICD.D, Vice Chair
Sameer Malik
Marc Sammons
Peter Shurman

The Audit & Risk Committee, composed of up to five independent members of the Board, reviews the quarterly financial statements and key performance indicators; the annual audited financial statements and financial operating performance reported in Tarion's Annual Report; the assessment of reserves; and the results of capital adequacy testing. The Committee is also responsible for the development and monitoring of policies to address risk management as well as the internal control framework. It also makes recommendations to the Board about the appointment of an external auditor, the internal

auditor, the external actuary and the pension plan actuary and administrator, and any other independent assurance provider.

This Committee also: reviews the company's pension plan and internal controls; provides advice on the external audit services; and performs additional services such as working jointly with the Human Resources & Compensation Committee to review Tarion's annual budget and to set corporate key performance indicators for the following year.

The Committee meets five times a year and at such other times as the Committee may determine. The Committee meets without the presence of management with the actuary and the internal and external auditors.

CONSUMER COMMITTEE

2019 Members:

Bob Finnigan, B.Sc., JD., ICD.D, Chair
Lynn Peterson, ICD, Vice Chair
RJ Falconi, B.Sc., JD., ICD.D
Paul Golini Jr., ICD.D
Glen Padassery
Wendy Rinella, ICD

2020 Members:

RJ Falconi, Chair
Marc Sammons, Vice Chair
Sheldon Libfeld
Sameer Malik
Glen Padassery
Peter Shurman

The Consumer Committee is composed of six members of the Board who represent Tarion's major stakeholders. The Committee provides guidance, informed opinion and progressive ideas and makes recommendations to the Board about the promotion of consumer interests and consumer protection initiatives related to Tarion's mandate and its commitment to new home buyers.

The Committee also assists Tarion's management with consumer policy development. It provides insight and input on issues by making recommendations on the development and delivery of consumer protection initiatives and policies, by analyzing relevant consumer research data and by giving insight into current communication programs and trends.

The Committee meets four times a year and at such other times as the Committee may determine. The Committee meets without the presence of management with the Ombudsperson at every meeting.

Consumer Advisory Council

Hitesh Doshi, Chair

The Consumer Advisory Council serves as an advisory body and reports to the Consumer Committee. The Council provides ongoing advice from a home buyer's perspective on proposed Tarion policy changes. The Council met four times in 2019. The Chair of the Advisory Council attends each meeting of the Consumer Committee.

The members of the Council include consumers who have been through our warranty process, a home inspector, a retired building official, real estate lawyers and other experts who have direct dealings with new home buyers.

Any policy recommendations to be considered by the Council can be made through a written submission to Tarion's website under "Contact Us".

GOVERNANCE & REGULATORY AFFAIRS COMMITTEE

2019 Members

Hari Panday, FCPA, FCGA, ICD.D, Chair

Greg Graham, Pro.Dir, Vice Chair

RJ Falconi, B.Sc., JD., ICD.D

Paul Golini Jr., ICD.D

Andy Kenins, CPA, CA, ICD.D

Glen Padassery

Lynn Peterson, ICD

2020 Members

Hari Panday, FCPA, FCGA, ICD.D, Chair

Toby Stolee, Vice Chair

RJ Falconi, B.Sc., JD., ICD.D

Greg Graham, Pro.Dir

Glen Padassery

The Governance & Regulatory Affairs Committee, composed of seven members of the Board, provides recommendations to the Board about governance matters affecting the company. The Committee has responsibility for developing and monitoring the effectiveness of Tarion's system of corporate governance. This includes making recommendations to the Board of Directors on appropriate and necessary governance policies, governance structure and Board committees. The Committee works with an external governance expert who advises on governance best practices and assists with the Board's self-assessment and peer evaluation.

The Committee also assists the Board in fulfilling its oversight responsibilities pertaining to Tarion's regulation-making powers as provided in the *Ontario New Home Warranties Plan Act*. The Committee also provides due diligence on behalf of the Board of Directors for the planning, research, stakeholder consultation and implementation of each proposed regulation change. It also evaluates the adequacy and effectiveness of current or proposed legislation or regulations to ensure compliance with the mandate of the corporation. Additionally, it ensures that Tarion is meeting its regulatory obligations and responsibilities as set out in its mandate.

Among its key responsibilities, the Governance & Regulatory Affairs Committee:

- Recommends procedures for the recruitment of director candidates to the Board of Directors of Taron and provides oversight over the election process through the Nominations Committee;
- Provides input to the Board of Directors and the Nominations Committee on an appropriate director nomination process to ensure that the Board has the appropriate skills and background to address the business issues of the corporation, including expertise in the areas of insurance, claims management, governance, consumer issues, new home construction, risk management and financial matters;
- Oversees the development and implementation of orientation procedures for new directors as well as the development and implementation of director training policies and programs;
- Recommends to the Board of Directors the evaluation process to be followed by the Board each year in keeping with the requirements of the Letter of Accountability. The Committee is responsible for the conduct of this process, ensuring results of the evaluation are acted upon and that a policy is in place to proactively address full Board and individual director training and development;
- Recommends to the Board of Directors governance improvements, based on current trends and needs of the Board, as well as from best-practice trends in corporate governance in Canada; and,
- Develops, maintains and updates as necessary the Code of Conduct and Governance Practices of the Corporation, to ensure every director signs a copy of the Code each year and agrees to abide by each of its principles.

Nominations Committee

The Nominations Committee reports to the Governance & Regulatory Affairs Committee and is composed of the Chair of the Board or his/her designate, two appointees of the Minister of Government & Consumer Services and two appointees from the Ontario Home Builders' Association.

The Nominations Committee is responsible for reviewing, considering and initiating proposals for nomination of individuals for election to the Board and for assessing incumbent directors for re-nomination to the Board. The Nominations Committee maintains an evergreen list of potential Board candidates for future director vacancies. Potential candidates for the Board are evaluated by the Nominations Committee, taking into account the candidate's background and qualifications to ensure that the candidate's experience and skill are aligned with the Board's needs as identified annually by the Board of Directors and outlined in the Candidate Nomination Package. Each year, the Nominations Committee recommends to the Board, through the Governance Committee, the names of individuals to be nominated for election. The Nominations Committee has the right to appoint an outside consultant to assist in its deliberations.

In its assessment of the proposed director nominees, the Nominations Committee considers skills, experience, character and diversity.

HUMAN RESOURCES & COMPENSATION COMMITTEE

2019 Members

Wendy Rinella, ICD, Chair

Bob Finnigan, Vice Chair

Paul Golini Jr., ICD.D

Greg Graham, Pro.Dir

Hari Panday, FCPA, FCGA, ICD.D

2020 Members

Greg Graham, Pro.Dir, Chair

Marni Dicker, ICD.D, Vice Chair

Andy Kenins, CPA, CA, ICD.D

John Macintyre, C.Dir

Toby Stolee

The Human Resources & Compensation Committee, composed of five members of the Board, is appointed by the Board of Directors to assist the Board in fulfilling its oversight responsibilities regarding human resources and compensation. The Committee oversees the implementation of human resources decisions of the Board and ensures the adequacy

and effectiveness of the existing systems to ensure compliance with all human resources legislation, policies and procedures.

Additionally, the Committee leads the process of setting the key performance indicators, performance evaluation and compensation, benefits and incentives for the President & CEO. It is responsible for making recommendations to the Board on the annual objectives for the President & CEO and for evaluating performance against those objectives. The Committee works with external expert compensation advisers who provide information about current market compensation payable to senior executives of comparable organizations. It also undertakes an annual succession review of the senior management team in consultation with the President & CEO.

The Committee is also responsible for recommending director compensation. A comprehensive review is undertaken every two years. The next review is scheduled to be undertaken in the fall of 2020.

INVESTMENT COMMITTEE

2019 Members

Greg Graham, Pro.Dir, Chair

Hari Panday, FCPA, FCGA, ICD.D, Vice Chair

Dan Gabriele

Andy Kenins, CPA, CA, ICD.D

Sheldon Libfeld

Wendy Rinella, ICD

2020 Members

Andy Kenins, CPD, CA, ICD.D, Chair

Greg Graham, Pro.Dir, Vice Chair

Marni Dicker, ICD.D

Sheldon Libfeld

John Macintyre, C.Dir

The Investment Committee, composed of six members of the Board, reports to the Board on corporate investment plans, policies and issues pertaining to corporate funds and pension plan(s) that affect Tarion.

The goals of Tarion's investment strategies and policies are to maximize return at the selected risk level to the corporation within the Board-approved constraints, and to ensure funds are invested appropriately, recognizing the liquidity, credit, market and interest rate risks, timing and magnitude of corporate, operational and reserve requirements. The Investment Committee considers and recommends investment strategies, plans and policies related to the invested assets of the company. The Committee oversees the selection and appointment of its investment managers, and it reviews and recommends the investment policies of the company each year for the Board's approval. It also reviews reports from fund managers on investment activities and measures investment results against the investment objectives of the company. In addition, the Committee is responsible for the oversight of the management of assets related to the pension plan of the company.

The Committee meets without the presence of management at each meeting with each of the investment managers annually.

Strategic Transition Committee

Paul Golini Jr., ICD.D, Chair

Hari Panday, FCPA, FCGA, ICD.D, Vice Chair

RJ Falconi, B.Sc., JD., ICD.D

Andy Kenins, CPA, CA, ICD.D

Glen Padassery

The Strategic Transition Ad Hoc Committee was created for the primary purpose of providing advice to the President & CEO with respect to implementing certain recommendations from the Minister of Government and Consumer Services in connection with the passage of *Strengthening Protection for Ontario Consumers Act, 2017* relating to transformation.

The Committee met eight times in 2019.

Condominium Task Force

Sheldon Libfeld, Chair

Bob Finnigan

Paul Golini Jr., ICD.D

Rob Cooper, Industry Appointee

Frank Giannone, Industry Appointee

Harry Herskowitz, Industry Appointee

Scott Reid, Industry Appointee

Marc Sammons, Industry Appointee

Sally Thompson, Industry Appointee

The Condominium Task Force is composed of three directors and six industry appointees experienced in the condominium area. The Task Force was established as a forum to facilitate research, provide informed opinions and discussion and make progressive recommendations about the condominium industry to Tarion management and the Board. The Task Force met three times in 2019.

DIRECTORS' ATTENDANCE

The number of Board, Board Standing Committee and Task Force meetings held by the company during 2019 was as follows:

Board of Directors – 17 meetings
 Audit & Risk Committee – 5 meetings
 Consumer Committee – 4 meetings
 Governance & Regulatory Affairs Committee – 3 meetings
 Human Resources & Compensation Committee – 8 meetings
 Investment Committee – 5 meetings
 Strategic Transition Committee – 8 meetings
 Consumer Advisory Council – Board Observer – 4 meetings
 Condominium Task Force – 3 meetings
 Total – 57 meetings

The table below shows directors whose terms ended and/or commenced concurrent with the Annual Meeting of Members in April 2019.

Director	Board of Directors		Committee		Total	
	Held	Attended	Held	Attended	Held	Attended
Carruthers, Lorelea*	4	4	4	4	8	8
Falconi, RJ**	13	12	8	8	21	20
Finnigan, Bob	17	17	12	11	29	28
Fiume, Victor*	4	3	1	1	5	4
Gabriele, Dan	17	12	5	5	22	17
Giannone, Frank*	4	4	3	2	7	6
Golini, Paul	17	13	26	23	43	36
Graham, Greg	17	16	16	15	33	32
Kenins, Andy	17	16	15	15	32	31
Libfeld, Sheldon	17	15	9	8	26	23
Lieou, John*	4	1	2	0	6	1
Padassery, Glen**	13	9	8	8	21	17
Panday, Hari	17	16	29	28	46	44
Peterson, Lynn	17	17	11	11	28	28
Rangooni, Justin*	4	4	4	4	8	8
Ray, Lea*	4	4	4	4	8	8
Reid, Scott*	4	4	4	4	8	8
Rinella, Wendy	17	17	17	17	34	34

The President & CEO and key senior executives attend all meetings of the Board and each of its committees.

** Term ended April 2019 ** Term started April 2019*

Financial Commentary

In 2019, Tarion's Guarantee Fund grew by \$51.7 million to \$644.0 million, driven by a recovery in domestic and international equity portfolios. The Guarantee Fund return was 4.6 per cent in 2019, resulting in investment gains of \$46.8 million for that year.

The year ended with total enrolment levels at 64,964 compared to 63,009 in 2018, mainly driven by higher volumes of freehold units. Low interest rates, solid labour markets and strong population growth maintained strong demand for housing in 2019. Note that earned enrolment fees were higher as prior years' deferred high-rise enrolment fees were recognized into revenue.

In 2019, Tarion paid out \$18.6 million to resolve warranty claims from new home buyers. The 2019 net claims incurred of \$13.4 million was \$2.9 million higher than 2018. The increase in claims payments was mainly driven by first- and second-year claims on high-rise condominiums and condominium common elements.

Total operating expenses (excluding net claims incurred) increased by \$3.0 million to \$47.8 million. The company increased staff during the year to address increasing workloads and to support the implementation of new initiatives. Higher operating expenses were also driven by costs related to management reorganization and higher interest expenses.

As part of the Ontario government's plans to strengthen consumer protection by working to establish a separate regulator of home builders and vendors in the province, Tarion supported the Home Construction Regulatory Authority (the HCRA) with direct funding to enable its preparation for potential designation. With robust capital levels during the year, Tarion was able to advance \$1.4 million in 2019 and commit to an additional \$13.1 million advance (paid January 2020) to the HCRA so it could execute its start-up and build-out phases, respectively.

Tarion ended the year with the Guarantee Fund growing to \$644.0 million, of which \$295.6 million supports warranty liabilities and \$289.0 million is available for future warranty and service improvements and protection against possible catastrophic warranty losses or other black swan events.

April 2020 Note: Subsequent to December 31, 2019, the global financial markets have been negatively impacted by the novel Coronavirus or COVID-19, which was declared a pandemic by the World Health Organization on March 11, 2020. As at April 2020, the Guarantee Fund's value has depreciated approximately \$40 million year-to-date because of capital market volatility. There remains significant economic uncertainty and consequently, it is difficult to reliably measure the potential impact of this uncertainty on our future financial results. Management is monitoring the situation.

Tarion's 2019 Audited Financial Statements can be found on **Tarion.com**.

Contact Us

CONNECT WITH US

Follow us to receive policy updates, educational material and other industry-related information.



EMAIL US

Help us direct your questions to the right people.
Write to us at customerservice@tarion.com.

CALL US

Our representatives are available to assist you
by phone from 8 am to 5 pm, Monday to Friday.
1-877-9-TARION (1-877-982-7466)