

2022

BUSINESS PLAN



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Overview

Tarion is the independent, non-profit authority responsible for administering the Ontario New Home Warranties Plan Act which sets out the minimum warranties that new home builders must offer new home buyers in Ontario.

This plan outlines the priorities for the current fiscal year¹, while the upcoming Annual Report will outline Tarion's achievements in the fiscal year ended December 31, 2021.

In 2022, Tarion will continue to respond to the ongoing impacts of the COVID-19 pandemic on operations and service delivery and complete a number of service improvements including certain ones identified by the Auditor General (AG) in her October 2019 report (the "2019 AG Report").



¹All forecasts / projections / target dates in this Business Plan are as of December 1, 2021, and Tarion's fiscal year runs from January 1 to December 31.

Our Vision

Tarion's vision represents the long-term goal that we believe every stakeholder in the new home buying experience wants to achieve.

Our Vision is that:

All new home owners in Ontario have peace of mind that they are getting the home they were promised.

Our Mission

Tarion's mission represents the "how" that will bring us closer to our vision. Our mission reflects our consumer protection purpose and our aspiration to be the best that we can be for all our stakeholders.

Our Mission is:

To give Ontario homeowners consumer protection and confidence that their new homes are properly built. We do this through fair issues resolution, education, and outreach. We want homeowners to receive excellent customer service and the best new home warranty program in Canada.



Strategic Objectives

Our 2022 Business Plan is organized with reference to four key strategic objectives. These are: (1) Enhancing Consumer Outcomes, (2) Being a Trusted Resource; (3) Empowering our Stakeholders; and (4) Supporting our People and Culture.



1. Enhancing Consumer Outcomes

Enhancing consumer outcomes is a collective goal of all the stakeholders involved in the new home ownership process, including builders who want to provide their homeowners with a great home and after sales service. Enhancing consumer outcomes is critical to achieving our vision. For Tarion, this involves making fair and consistent decisions and being transparent about these decisions so that the outcomes are easily understood. It also involves ensuring the statutory warranty remains relevant to the needs of the Ontario market, and that our stakeholders are informed about their rights, responsibilities and the scope of consumer protection that is available.

In 2022, Tarion plans the following major activities that support this strategic objective:

- Increasing consumer awareness through public outreach events and strategies (including our Annual Public Meeting, and social media channels)
- Completing our review of the current maximum home warranty compensation limit
- Improving our dispute resolution by assessing the success of our mediation program and completing our consultations on improving the process for builder warranty claim intake (the Complaints and Claims process).



2. Being a Trusted Resource

Being a trusted resource to all stakeholders involved in new home ownership is vital to Tarion's success. Stakeholders, especially homeowners and builders, must have confidence that Tarion is fulfilling its mandate, including working in a targeted way to help improve the new home construction industry. Tarion must also demonstrate financial soundness and comply with relevant financial standards, be transparent, and protect privacy. Tarion is also committed to working in partnership with the Ministry of Government and Consumer Services (MGCS), municipalities, realtors, and all other key stakeholders to achieve its vision and mission.

In 2022, Tarion plans the following major activities that support this strategic objective:

- Continuing its Risk-Based Inspection Program
- Implementing compliance with IFRS-17 accounting standards, including disclosure requirements
- Enhancing Cyber Security and data and privacy protections



3. Empowering our Stakeholders

Tarion is committed to empowering our stakeholders by making it simpler to work with us, providing accessible self-serve options, education and easy-to-use tools. We believe that by making sure we are easy to do business with and providing the ability for our stakeholders to communicate and access information using well designed digital channels, we will enhance the quality of their experience.

In 2022, Tarion plans the following major activities that support this strategic objective:

- Enhancing the Complaints and Claims Process
- Improving the MyHome digital portal
- Improving the BuilderLink digital portal
- Improving the home enrolment process to make it more efficient
- Improving the usability of Tarion.com



4. Supporting Our People & Culture

Supporting Tarion's staff and creating a culture that empowers staff to make the right decisions will drive consumer protection forward. Tarion is committed to providing development opportunities to staff to create an experienced and enabled workforce, and to fostering an innovative and inclusive culture that represents the ever-changing and diverse needs of new home buyers in Ontario.

In 2022, Tarion plans the following major activities that support this strategic objective:

- Managing the impacts of COVID-19
- Implementing improvements to our internal computer systems to make them easier for staff to use and make service delivery more efficient (the "Evolve" project)
- Rolling out our Vision, Mission, and Values



Our Core Values

Tarion's core values set a foundation of the organizational culture and behaviours that allow us to deliver on our mandate and achieve our mission and vision. Our core values are more than a list of the behaviours we value; they define who we are.



Service Oriented

We are all committed to upholding consumer protection in the actions and decisions we make every day. Our strong commitment to health and safety is a cornerstone of our ability to protect consumers and each other. We are professional, responsive, and timely in our interactions with our stakeholders.



Continuously Improving

We believe in a learning culture in which we constantly seek personal and professional growth and embrace new ideas to improve our processes. We are transparent about the things we can do better, and we learn from our experiences to build on them.



Solution Seeking

We strive for positive results in all that we do and focus on finding resolutions to the issues we encounter. We are collaborative. Our success is driven by our ability to work productively with stakeholders and colleagues to overcome obstacles, find solutions and deliver results. Our proactive approach helps to create the best outcomes.



Trustworthy

We share our knowledge and experience to empower new homeowners to navigate the new home ownership journey. We operate in an ethical, reliable, and proficient manner, which builds trust in our guidance as experts in our field.



Caring

We are committed to fostering an encouraging and supportive environment in which colleagues care about each other as individuals and we regularly demonstrate to our stakeholders that we care about their concerns. We are community oriented and are responsible corporate citizens.



Inclusive

We foster an inclusive culture and believe a diverse workforce allows Tarion to better represent the people and communities we serve.

Corporate Overview

Mandate

The overall mandate of Tarion is to administer the Ontario New Home Warranties Plan Act. The administration of the Ontario New Home Warranties Plan Act includes:

- Assisting in the resolution of disputes between vendors and owners,
- Promoting the resolution of claims as soon as reasonably possible,
- Resolving issues directly with homeowners where the builder is unwilling or unable to do so and administering a guarantee fund to provide compensation where necessary,
- Promoting the construction of properly built new homes,
- Improving communications between builders and vendors and owners of new homes,
- Maintaining a fair, safe and informed new home marketplace, and
- Promoting the protection of the public interest, and consumers in particular.

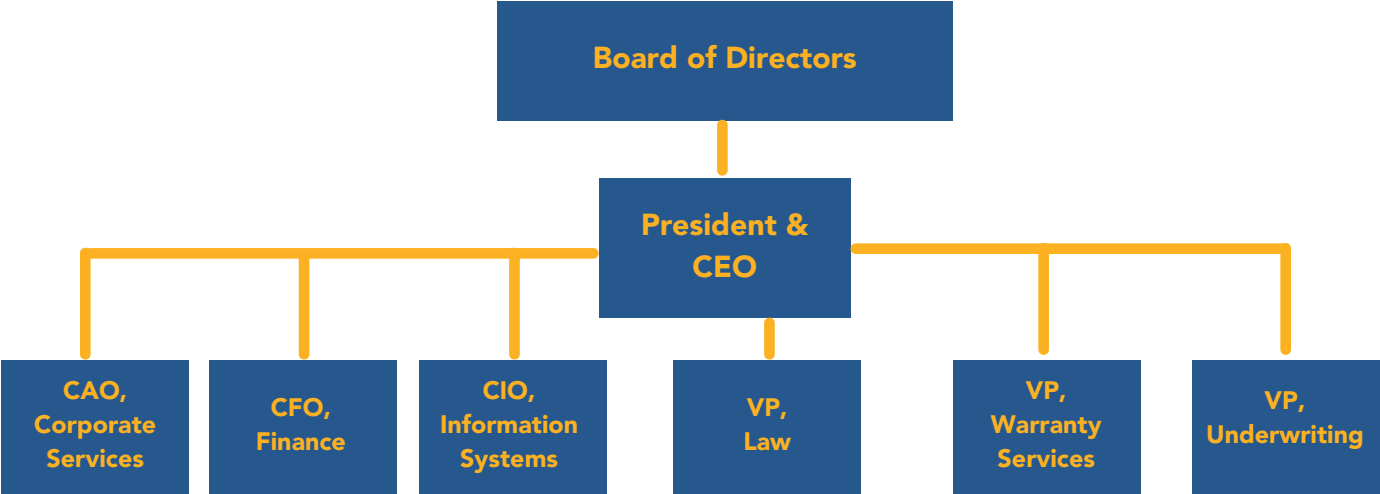
Services

Tarion offers services in support of carrying out its mandate:

- **Consumer Protection and Issue Resolution:**
providing issue resolution services such as mediation and early intervention as well as financial compensation if homeowners and builders are not able to work together to have warranty disputes resolved.
- **Home Enrolment:**
working with builders to enroll new homes into the warranty program and applying appropriate underwriting and risk assessment to those enrolments.
- **Warranty Claim Handling:**
providing channels for consumers to communicate their warranty claims to their builder and offering fair and timely resolution processes to assist them when needed. This includes managing and delivering the digital MyHome Portal which serves as a communication platform between homeowners, Tarion, and builders in respect of warranty related matters, as well as the BuilderLink portal for builders to manage their enrolment process
- **Education and Awareness:**
working to increase awareness by homeowners and builders of their rights and responsibilities under the warranty protection program.
- **Industry Betterment:**
providing feedback and education to builders arising from our warranty experience to improve customer service and building practices.

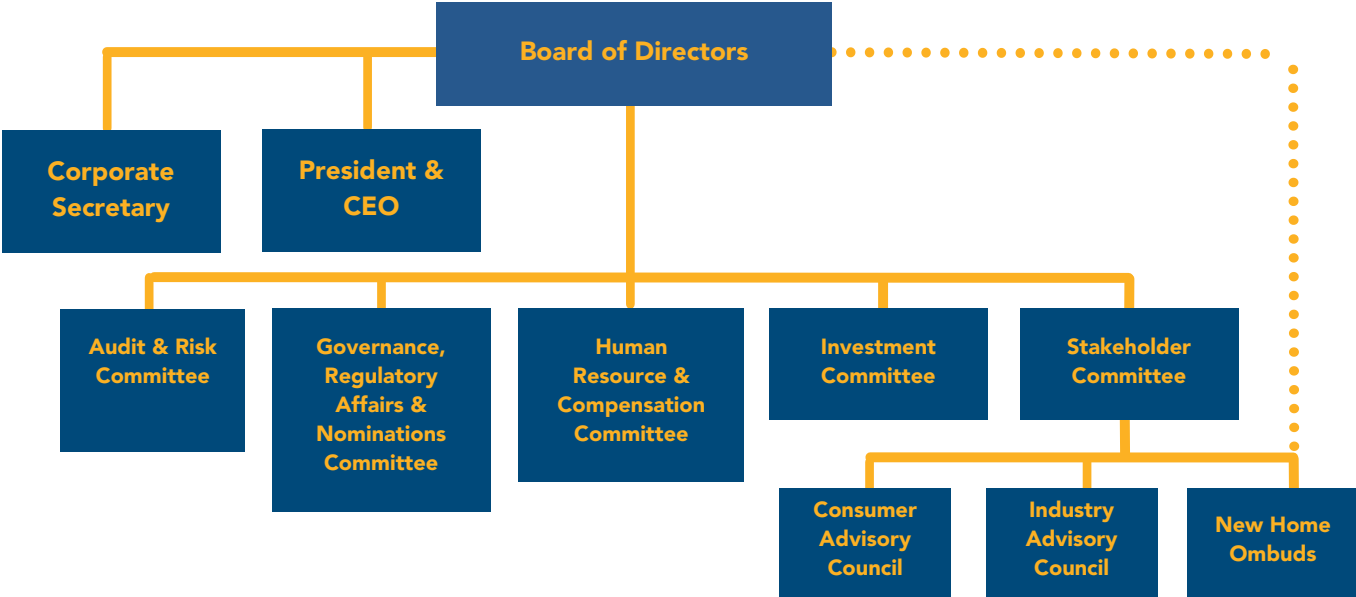
Corporate Structure

Tarion's organizational structure model allows for its main operational areas - Warranty Services, Underwriting, and Finance - to deliver on Tarion's mandate and strive towards our vision.



Governance Structure

Tarion’s governance structure reflects the importance of oversight, independence, and accountability. The Board is made up of 12 directors, with 4 being elected as “members at large”, 4 being appointed by the Minister of Government and Consumer Services and 4 being elected to reflect expertise connected to the regulated building industry.



Stakeholders

Tarion works with many key stakeholders to deliver its corporate mandate.

Consumers

Tarion has a consumer protection mandate, consistent with our vision to help ensure that new home buyers have peace of mind with respect to one of life's most significant purchases.

New Home Builder and Vendor Sector

Tarion enrolls new homes proposed by builders and vendors, conducts risk assessments on proposed projects, helps resolve disputes between homeowners and builders, and provides information to new home builders to help them understand and meet their construction and after-sales service accountabilities.

Ministry of Government and Consumer Services (MGCS)

Tarion is an administrative authority accountable to the Minister of Government and Consumer Services through its administrative agreement.

Operational Activities

Complaints and Claims

Ontario's new home warranty and protection program sets out the minimum warranties that a builder must provide to all their new home buyers. Under the Ontario New Home Warranties Plan Act, all new homes built in Ontario come with a warranty provided by the builder. The builder is expected to deliver a complete and finished home free of defects to a homeowner, meeting the requirements of the Ontario Building Code. The program recognizes that home construction is a complex process and after sales corrective work will be required at times.

Builders are accountable for the homes that they build and the warranty that they provide to their homeowners. Builders are responsible for resolving warranty claims directly with homeowners. Homeowners must notify their builders when an issue arises and give them an opportunity to review it and address it. As part of this process, homeowners must provide the builder with reasonable access to the home to make necessary repairs.

If the builder does not resolve an eligible warranty claim, or if there is a dispute about whether a defect is covered by the builder's warranty, Tarion can help. For example, Tarion provides resources and materials such as the construction performance guidelines which can assist homeowners and builders to assess what may be covered by the builder's warranty. Tarion can assist homeowners and their builders in their communication processes. Tarion also can provide a range of issues resolution options which can help homeowners and builders reach resolution in respect of warranty disputes. Finally, Tarion can conduct inspections to assess warranty issues and make findings relating to coverage. Where Tarion finds that a defect is covered by the builder's warranty, Tarion can direct the builder to specifically address the item and if the builder does not, Tarion can resolve the matter directly with the homeowner. To be eligible for Tarion's assistance, homeowners must report warranty claims within the relevant warranty timeframes.

Additional information on the Complaints and Claims process can be found on Tarion's [Claims Process for Homes](#) web page.



French Language Services

Tarion recognizes that many Ontarians' first language is French and can provide service to consumers in French. Calls and inquiries made into Tarion's contact center can be handled by a French language speaker. Tarion makes the annual surveys available in French as well. If a request is made for a conciliation in French, a translator will be engaged to assist.

Accessibility

Tarion provides services that are accessible to all persons and provides services in a respectful, unbiased, and equitable manner. Tarion will work with stakeholders who have assistive devices, service animals, or support persons to ensure that they are able to fully utilize Tarion's services.

All Tarion customers can make accessibility accommodation requests by telephone, mail, email, in person, or by submitting the [Accessibility Accommodation Form](#). Additional details about Tarion's commitment to providing accessible services can be reviewed in [Tarion's Accessibility Policies](#).



Tarion's New Home Ombuds Office

The New Home Ombuds office is an independent and confidential office within Tarion. It reports directly to the Board of Directors (through its Stakeholder Committee) and not to Tarion management. The New Home Ombuds office is a confidential service for homeowners, and the office does not share information with Tarion unless a complainant provides permission for it to do so. It is a member of the Forum of Canadian Ombudsman and adheres to its Statement of Ethical Principles. An external evaluation, completed in 2021, determined that the office has a high level of structural independence from Tarion.

The New Home Ombuds office does not reassess warranty decisions, but rather determines whether the process used by Tarion to reach the decision was fair. Homeowners who believe they have been treated unfairly by Tarion or in a manner that is outside the intent and spirit of the Ontario New Home Warranties Plan Act may make a complaint to the New Home Ombuds office. If the office finds that Tarion has treated them unfairly, it will recommend action to remedy the situation.

The New Home Ombuds Office may also make recommendations to improve the fairness of Tarion's overall processes and issues an annual report summarizing its activities and recommendations.

For more information on the New Home Ombuds office, please review the office's [website](#).



A Blueprint for a Better Program: Tarion's Response to the 2019 AG Report

In 2019, the provincial Auditor General (AG) completed a comprehensive value-for-money audit of the Ontario New Home Warranty Program. The recommendations from the Auditor General dealt with how Tarion conducted business through both its warranty and (former) licensing functions.² Tarion approached the audit process in a transparent and open manner, and Tarion agreed with the recommendations made by the Auditor General as a blueprint to fully address the concerns which led to the need for the review. This was noted by the Auditor General in her report: “We received Tarion’s full co-operation during the course of this audit and its agreement to fully implement the recommendations in this report — recommendations that, once implemented, should address the concerns of new home buyers that led to... this audit.”

The recommendations focused on ensuring that Tarion could transparently and clearly demonstrate a focus on its consumer protection mandate, emphasizing its role as a not-for profit organization that is independent of industry.

Since the Report was issued, Tarion has made significant progress addressing the recommendations including implementing changes to our corporate governance structure, improving the independence of the New Home Ombuds office, and implementing more dispute resolution options for homeowners including a mediation option.

On December 1, 2021, the Auditor General published her follow-up report on her initial recommendations and found that, as of September 2021, Tarion had completed 86% of the recommendations which had been directed to it. A copy of the Auditor General's follow-up report can be found [here](#).

In early 2020, the Standing Committee on Public Accounts (SCOPA) endorsed the findings of the AG and added some additional recommendations including asking Tarion to consider the maximum warranty cap and ensuring that our disclosures in our annual report were complete.

Tarion will continue to work on the implementation of the balance of the recommendations of the AG and SCOPA, and additional information on the status of Tarion's AG follow-up can be found [here](#).

² In February 2021, the responsibilities of builder licensing, education standards, and professional conduct were transferred to the HCRA.

2022 Key Initiatives

Our 2022 key initiatives are organized based on the following four strategic business objectives:

- Enhancing consumer outcomes
- Being a trusted resource to all stakeholders
- Empowering our stakeholders
- Supporting Tarion's people and culture

For each strategic objective, we list the relevant key initiatives, including:

- A discussion of the need that the initiative has been designed to address; and,
- A brief description of the initiative.



Strategic Objective 1: Enhancing Consumer Outcomes

Major Activity: Consumer Awareness

Need: A survey commissioned by Tarion in 2021 suggested that 25% of Ontarians were aware of Tarion and the province's new home protection program. Increasing consumer awareness and educating new home buyers and owners about the warranty program will increase the reach of Tarion's consumer protection resources. Consumers will also be better able to navigate their homeownership journey and have more tools at their disposal to help them manage issues which may arise that relate to their builder's warranty obligations. Higher levels of consumer awareness will also help reduce the chance that a home buyer works with an unlicensed builder.

Description: In 2022, Tarion will improve consumer awareness through several related sub-activities, including:

- **New Home Purchaser Outreach:** Tarion will automate its current program that collects contact information for new home purchasers and reach out to them proactively, outlining the warranty protections (including the protections they have immediately upon signing the Agreement of Purchase and Sale, including Deposit Protection and Delayed Closing Coverage), and outlining the advantages to them of using MyHome. By taking a proactive approach to outreach, there will be a better chance of new home buyers becoming aware of Tarion earlier on in their journey.

Major Activity: Consumer Awareness

- Vision, Mission & Values Roll-out: Tarion has developed a new Vision and Mission statement consistent with recent changes to its Mandate. This corporate Vision and Mission statement will be communicated to homeowners and builders alike and inform Tarion's key decisions over the next few years. With a renewed vision and mission, Tarion has an opportunity to clearly communicate and emphasize its purpose to consumers.
- Awareness Campaign: Tarion will commence a project to provide enhanced communications and clarity to homeowners regarding: the warranties themselves; the roles and responsibilities of the homeowner, builder, and Tarion in the warranty process. The awareness campaign will include using social and traditional media channels as well as leveraging Tarion's communication tools (e.g. newsletters, blogs, purchaser welcome emails, annual report and annual public meeting) to reach a larger audience and increase overall awareness.

Major Activity: Warranty Enhancements

Need: In order to deliver the best new home warranty program in Canada, it is important to regularly review and, if needed, update the minimum builder warranties to ensure they remain relevant and appropriate for the Ontario marketplace.

Description: In 2022, Tarion will review the \$300,000 per home warranty coverage limit. Tarion will also be considering the consumer protection relating to unfinished items at the time the home is occupied. Tarion expects to be able to make recommendations relating to these possible enhancements in 2022

Major Activity: Mediation Program

Need: A core part of Tarion's mandate is to provide homeowners with an accessible, fair, and expeditious forum to resolve issues. One challenge identified by homebuyers is that the License Appeal Tribunal or court proceedings can be difficult for them to access, especially when they are not represented by legal counsel. Tarion has implemented a Mediation program, which has been shown to be an easier and simpler process than a formal hearing process. This mediation process empowers homeowners with concerns about a claim to use independent, third-party mediation to help resolve their warranty claim disputes with Tarion. By using this mediation process, homeowners can avoid costly and time-consuming legal proceedings and instead provide the homeowner with a quicker, low cost, less formal atmosphere with a more co-operative problem-solving style.

Description: In 2022, Tarion will continue to promote the mediation program, formally evaluate its success, and identify opportunities for improvement.



Strategic Objective 2: Being a Trusted Resource

Major Activity: Risk-Based Inspection Program

Need: Tarion's mandate includes promoting progressive improvement in the quality of housing in Ontario. In support of this mandate, Tarion has implemented a risk-based inspection program for builders. The program is informed by Tarion's risk assessments and claims data to supplement the provincial municipal inspection process. Through the risk-based inspection program, Tarion can identify higher risk builders that require further education or inspections during construction to ensure construction best practices are being followed. By promoting improved home quality through risk-based inspections, Tarion can educate builders and mitigate risks earlier on in the process.

Description: The [Risk-Based Inspection Program](#) consists of onsite inspections conducted by Tarion at key stages during selected new home construction. The purpose of these inspections is two-fold:

1. To identify construction practices and technical issues that may represent future warranty claims; and,
2. To provide a coaching opportunity between Tarion and a builder with a view to long-term improvement through best practices.

The Risk-Based Inspection program moved from a pilot program to full implementation in 2021. In 2022, Tarion expects that the volume of inspections will be increased (and has commensurately increased staffing, IT and HR support) and is committed to monitoring the longer-term impact and successes of the program to continue its development beyond 2022.

Major Activity: Financial Reporting - IFRS-17 Implementation

Need: IFRS-17 is the newest International Financial Reporting Standards (IFRS) standard for insurance contracts and replaces IFRS 4 on January 1st, 2023. The new standards provide for improved disclosure in annual finance statements. Tarion is committed to following the most up-to-date reporting standards to build confidence as a stable, reliable, and trusted resource for its stakeholders.

Description: The IFRS-17 implementation represents an opportunity to modernize and upgrade technology and data capabilities in finance, risk, and actuarial operations within Tarion. In 2022, Tarion will implement IFRS-17 standards to ensure transparency and best practice in financial reporting.

Major Activity: Cybersecurity

Need: Over the past few years, the number of cyber attacks and breaches on companies of all sizes has increased markedly. Tarion is not immune to such attacks and has identified the need to continue our strong proactive focus on cybersecurity. It is important that our stakeholders' data is protected and secure – whether in transit or at rest in Tarion's databases – while optimizing their customer experience. Equally as important is ensuring Tarion's services will be available without interruption when stakeholders need them most.

Description: To address cybersecurity risk and ensure Tarion is prepared to fend off attacks and react efficiently to any breach, Tarion will enhance its cybersecurity capabilities. In 2022, Tarion will: (a) invest in internal expertise to support cybersecurity management; (b) transition additional core digital components to the Cloud – taking advantage of more robust security features; and (c) continue to finetune and optimize our "Zero Trust Security Framework" as well as conduct extensive staff awareness and training – emphasizing a corporate culture that is digitally educated, aware and able to minimize the likelihood of a breach.



Strategic Objective 3: Empowering Our Stakeholders

Major Activity: Improving our Claims Process for Homes

Need: Tarion's warranty claims process for homes sets out the structure and rules which govern how homeowners can trigger Tarion's involvement in the warranty process with their builder. The process rules have been criticized for being too strict, leading to situations where a missed timeline can mean a homeowner is unable to receive timely help from Tarion. To make doing business with Tarion easier and more flexible, Tarion is consulting on potential changes to the process rules.

Description: Tarion has been making improvements to its claims process for homes, specifically in terms of accessibility to homeowners since the beginning of 2020. In 2022, Tarion will focus on finalizing and implementing a proposal to ensure that major issues can be dealt with immediately through an emergency process at any time, as well as adding a 6-month opportunity for homeowners to file a formal claim with Tarion.

Major Activity: MyHome Enhancement

Need: MyHome is the digital platform used by over 98% of new homeowners to communicate with Tarion and their builder with respect to warranty claims. The look and feel, and the functionality of this platform have a material impact on the experience that homeowners have when accessing Tarion's services. To ensure homeowners can access Tarion's online services easily and intuitively, as well as to keep Tarion's technology up to date, MyHome will be redesigned and moved to a modernized platform.

Description: In 2022, Tarion will modernize the customer/user experience on MyHome and upgrade the platform. This will allow Tarion to improve communication between the builder, homeowner and Tarion, and make it generally easier for homeowners to navigate the warranty management process.

Major Activity: BuilderLink Enhancement

Need: BuilderLink is the digital platform used by over 85% of builders for the enrolment of their homes, payments to Tarion, and as an information connection to MyHome and warranty data. Like the MyHome major activity, BuilderLink improvements allow builders to do business more easily by making managing their warranty simpler, providing more efficient communication channels with their homeowners, and ultimately providing better customer service.

Description: In 2022, Tarion plans to enhance BuilderLink's functionality with new features such as Chatbot integration, extended reporting and analytics capabilities, greater automation of key builder processes (e.g., enrolment, security taking and release, etc.), and extended eSign features, to increase the services provided to licensed builders.

Major Activity: Enrolment Enhancement

Need: All builders are required to enroll their new homes with Tarion using the Qualification for Enrolment (QFE) process. The QFE process allows Tarion to assess builder risk when new construction is proposed. Over the past few months, opportunities to improve and streamline the QFE process have been identified. Tarion is committed to continuous improvement and to making key business processes simpler, more efficient, and seamless.

Description: In 2022, Tarion will streamline the QFE process. This will involve seeking methods to manage QFE at the same time as the HCRA licensing process, through parallel data intake and simultaneous application processing.



Strategic Objective 4: Supporting Our People & Culture

Major Activity: COVID Impact Management

Need: COVID continues to pose a major disruption to all of Ontario, including new home buyers, builders and Tarion. Throughout the pandemic, Tarion has emphasized communications and flexibility as ways to mitigate the impacts which COVID has had on our service delivery, as well as providing support to our stakeholders. The need for a flexible mindset and approach is expected to continue into 2022 as the implications of COVID on the province continue to be felt.

Description: In 2022, Tarion will ensure that it can meet the service levels required through several mitigation options including expanding the number of staff qualified and available to conduct inspections through further hiring, and contract placements, as well as adopting a flexible approach to its processes where appropriate.

Major Activity: Move to Salesforce Platform

Need: Late in 2021, Tarion launched the next generation of its core technology to manage the warranty process, transitioning to a Salesforce platform. A refresh and reinvestment in Tarion's technology was needed as the original system was implemented in 2004, and had become outdated and unsupported, and reliability was becoming a business risk. In addition, changes in the technology available (including cloud-based systems) provide an opportunity to enhance certain functions and security. As with all new technology, there is a learning curve that staff are currently working through and will require further post-implementation efforts. By ensuring resources are assigned to this major activity in 2022, Tarion staff can make sure that any issues that arise over the first year of system go-live will be addressed without impact to our service standards.

Description: In 2022, Tarion's information technology team will provide support to staff as they learn to navigate and leverage the new system. This support will include an increased availability of system experts, an extensive "train the trainer" approach to implementation, and development staff ready to address any system issues or challenges identified after launch. All of this is focussed on ensuring Tarion can maintain and enhance our service levels.

Major Activity: Vision, Mission, Values

Need: In 2021, Tarion developed a new Vision, Mission and Values that are intended to set the tone for behaviours and culture, to inform decision making, and to shape stakeholder expectations of the organization. Adopting the new Vision, Mission and Values will involve an organizational shift. The adoption of our new Vision, Mission, and Values is a key building block to overall success.

Description: Tarion's Vision, Mission and Values statement is intended to create a cohesive approach that internal and external facing departments take towards consumer service. In 2022, Tarion's focus of this project will be twofold: to bring the Vision, Mission and Values to life and instill the expectations in employees, and to set a clear set of expectations for external stakeholders. Internally, this will be achieved through ongoing employee dialogue, refreshed recruitment approaches, all staff training, and ongoing communication & expectation setting. Externally, this will be achieved by including our Vision, Mission and Values statements in our external communications.



2022 Performance Measures

Tarion's 2022 Performance Measures reflect a selection of key metrics that align with the organization's mandate, vision, and mission.

2022 Performance Measures	2022 Target
STRATEGIC OBJECTIVE: ENHANCING CONSUMER OUTCOMES	
New Homebuyer Satisfaction	84
Customer Interactions:	
a) Call Centre Interaction	90
b) Conciliation	85
STRATEGIC OBJECTIVE: BEING A TRUSTED RESOURCE	
AG Recommendations Implementation	100
SCOPA Recommendations Implementation	100
STRATEGIC OBJECTIVE: EMPOWERING OUR STAKEHOLDERS	
Call Response Time in Call Centre (seconds)	50
Inspection Completed to CAR Issuance (calendar days)	11
MyHome Redesign Initiative & Claims Process Changes	100
BuilderLink and Enrolment Enhancement	100
STRATEGIC OBJECTIVE: SUPPORTING OUR PEOPLE & CULTURE	
Employee Satisfaction Score	78.5
Roll Out Vision, Mission, Values and Awareness	100

Resources



Financial Resources

Tarion is a non-profit organization, and any excess of revenues over expenses are either invested into the Guarantee Fund or are used to fund capital expenditures to support the service delivery of the organization. The amount of the Guarantee Fund is subject to annual external actuarial review to confirm that the fund can meet future potential warranty claims of Ontario new homeowners. Tarion's annual operating expenses are developed consistent with its non-profit mandate, with an emphasis on prudent spending and consideration of delivering value for money. Tarion publishes its financial statements annually.

Human Resources

Tarion views people and culture as a core part of our long-term strategy and fostering an environment supportive of an engaged and enabled workforce is important to ensuring that our services are delivered to homeowners and builders at the highest levels possible.

To attract and retain a high performing, skilled workforce, Tarion aims to:

- Enable employees to fully utilize their skills and abilities by providing challenging and interesting work, and by removing barriers to success
- Instill a culture of collaboration, knowledge sharing, and continuous improvement
- Foster a diverse, inclusive, and equitable work environment

In 2022, we will continue to keep a sharp focus on having the right people in the right roles, enabling our people to be successful in their roles, and maintaining a high level of employee engagement and enablement. We plan to augment staffing levels to address both the increased workload because of the COVID-19 backlog and enhanced service delivery as well as the strengthening our enterprise risk management.

Information Technology (IT) Resources

In 2021, Tarion transitioned its enterprise Customer Relationship Manager (CRM) to the Salesforce Platform. This platform will open opportunities for enhanced customer service, digital transformation, and efficiency through automation.

A second major project, moving our technology to the Cloud, is targeted for completion in Q2 2022 and focuses on moving the remaining applications and Tarion's technology backbone to the Cloud. This will provide enhanced service availability for our customers, increased business resiliency and operational efficiencies, and access to additional cybersecurity features.

In 2022, our technology projects will also focus on our two core digital portals: MyHome and BuilderLink. These portals will be transitioned to the Salesforce platform and enhanced.

By the end of 2022, Tarion will have completed its transition to the Salesforce Platform and the Cloud and be well positioned for the future with respect to its technology.





Budget 2022

Revenues

Tarion's main sources of revenue come from builders' enrolment fees, and investment income it earns from the Guarantee Fund; since February 1, 2021, the registration and renewal fees it previously collected from builders are now collected by the HCRA.

Budgeted 2022 total revenues of \$82.4M are higher by \$8.4M compared to the 2021 Budget as a result of a larger Guarantee Fund and continued strong enrolment levels. Tarion's enrolment fees are deferred and earned into income over the warranty period. 2022 enrolments levels are projected at 65,000 units with budgeted earned enrolment fees of \$58.7M, \$4.4M higher than 2021 Budget (with 56,000 units budgeted).

Net Claims Incurred

Net claims incurred are projected at \$24.0M, an increase relative to 2021 Budget by \$8.8M. Overall, there has been an elevated trend in claims severity observed in 2021, and the anticipated higher claims experience in 2022 because of the emergence of claims from the backlog due to the suspension of conciliations/inspections during the COVID-19 lockdown period.

Expenditures

Tarion's expenditures include investment in technology and infrastructure, and operating expenses for the administration of the warranty program.

Higher budgeted total expenditures (excluding claims expenses and depreciation) of \$58.3M compared to \$49.1M, and capital expenditure of \$9.4M versus \$8.1M in the 2021 Budget reflect the augmentation in staffing in Operations to enhance service delivery to Tarion's stakeholders, investment in keeping Tarion's technology current, and investments being made to enhance consumer awareness as indicated in the business plan. The higher expenditures also reflect temporary spending meant to address backlogs and challenges posed by COVID-19 impacts.

The 2022 budgeted deficit reflects a temporary mismatch of revenues and expenses and can be supported by the Guarantee Fund. We project that the deficit position will begin to reverse in 2023 and break even in 2024; assuming that the external economic conditions are as projected.

The figure below outlines the 2022 budget as well as projections out to 2024. Key assumptions are noted below the figure.

It is important to note that the projected numbers do not reflect any changes which may result from the anticipated application of IFRS-17, the new accounting standard for insurance contracts that will become effective on January 1, 2023. Also, these 3-year projections were prepared with significant judgement and estimates by Management with unknown risks and uncertainties, especially for year 2023 and 2024 which are based on high level assumptions and long-term historic data trends for net claims incurred and investment income. Key Initiative assumptions for 2023 and 2024 are also based on historical averages and do not reflect actual costed project initiatives. Hence, actual performance and financial results in future periods may differ materially from any projections of future performance.

Figure 1: 2022 Budget & 2023-24 Projections

	2021 Budget	2022 Budget	2023 Projection	2024 Projection
REVENUE				
Gross home enrolment fees earned	54.3	58.7	62.8	66.1
Earned excess loss premium	(0.6)	(0.8)	(0.9)	(1.1)
Net home enrolment fees earned	53.7	57.9	61.9	65.0
Investment income	19.7	23.9	25.3	26.8
Other income	0.6	0.6	0.6	0.6
TOTAL REVENUE	74.0	82.4	87.8	92.4
EXPENSES				
Net claims incurred	15.2	24.0	23.7	23.2
Operating expenses including depreciation	51.6	61.1	63.3	64.8
Key initiatives	1.9	3.8	3.0	3.0
Interest expense	0.4	0.5	0.5	0.7
TOTAL EXPENSES	69.1	89.4	90.5	91.7
EXCESS OF REVENUE OVER EXPENSES (EXCL. TRANSFORMATION)	4.9	(7.0)	(2.7)	0.7
Transformation	2.0	0.3	-	-
EXCESS OF REVENUE OVER EXPENSES	2.9	(7.3)	(2.7)	0.7
Assumptions				
Enrolment Levels	56,000	65,500	65,000	65,000
Net claims Loss ratio	28%	41%	38%	35%
Investment Return	3.5%	3.5%	3.7%	3.8%

*Net claims Loss ratio is calculated by dividing Net claims incurred by enrolment fees earned (net of reinsurance cost)

2022

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