

**Financial Services  
Commission  
of Ontario**

Licensing and Market Conduct Division  
5160 Yonge Street, 4<sup>th</sup> Floor  
Box 85  
Toronto ON M2N 6L9  
Telephone: (416)590-7568  
Facsimile: (416)226-7838  
Toll Free: 1-800-668-0128 ext. 7568

**Commission des  
services financiers  
de l'Ontario**

Division de la délivrance des permis  
et de la surveillance des pratiques de l'industrie  
5160, rue Yonge, 4<sup>ième</sup> étage, Boîte 85  
Toronto ON M2N 6L9  
Téléphone: (416)590-7568  
Télécopieur: (416)226-7838  
Sans Frais: 1-800-668-0128 ext. 7568



December 21, 2012

«FirstName» «LastName»  
«Title»  
«Organization»  
«Address»  
«City», «Province»  
«PostalCode»

Insurer # «InsurerNumber»

Dear «Salutation» «LastName»:

Re: 2012 Annual Return

As part of the Financial Services Commission of Ontario (FSCO) monitoring of Ontario incorporated insurance companies, we require all licensed insurance companies provide the following documents described below, unless otherwise noted:

**Business Plan**

We require that you submit a company Business Plan for the year 2013. As a minimum, the Plan for 2013 should include a full-year forecast of the Income Statement, Balance Sheet and the Minimum Capital Test as at year - end 2013. The Plan should be detailed enough to enable us to track your company's progress against its key performance indicators at the end of each calendar quarter, but ideally on a monthly basis, and to assess the significance of any variance that may emerge in that quarter or on a year-to-date basis. Please include a narrative about the action plans you believe would help us to better understand your plans for the year.

If you have not already provided us with your 2013 Business Plan, we would request that it be submitted on or before February 28, 2013.

**Dynamic Capital Adequacy Tests (DCAT)**

We require that all Ontario incorporated companies (other than Fraternal Societies, Reciprocal Insurance Exchanges and insurers that are members of the Fire Mutuals Guarantee Fund) submit a DCAT report to FSCO no later than September 30, 2013. Please submit two copies of the report.

Since the DCAT process involves a projection of the changes in financial conditions under various scenarios, we expect that the company board of directors and senior management will review and assess the significant risks and the implications from the Business Plan on capital with the Appointed Actuary, and take actions as needed. The DCAT report is expected to be prepared in accordance with the Canadian Institute of Actuaries standard of practice and signed by the Appointed Actuary.

Please refer to following directives released by OSFI and take note of FSCO's position on respective issue:

**Minimum Capital Test (MCT) Guideline Revisions for 2013 for property & casualty insurance companies**

To make the P&C insurance capital test more risk-based and to bring greater consistency with the capital requirements of the other financial sectors, FSCO is adopting the new guideline released by OSFI in November 2012. The Guideline A, *Minimum Capital Test*, which will come into effect on January 1, 2013, is available on OSFI's website. [http://www.osfi-bsif.gc.ca/app/DocRepository/1/eng/guidelines/capital/guidelines/mct2013\\_e.pdf](http://www.osfi-bsif.gc.ca/app/DocRepository/1/eng/guidelines/capital/guidelines/mct2013_e.pdf)

**Minimum Continuing Capital and Surplus Requirements (MCCSR) Guideline 2013 for Life Insurance Companies**

FSCO is adopting the Guideline on *Minimum Continuing Capital and Surplus Requirements* (MCCSR) for life insurance companies released by OSFI in December, 2012. The Draft, which will come into effect on January 1, 2013, is available on OSFI's website. [http://www.osfi-bsif.gc.ca/osfi/index\\_e.aspx?ArticleID=5246](http://www.osfi-bsif.gc.ca/osfi/index_e.aspx?ArticleID=5246)

We look forward to receiving the information requested on or before the dates indicated for each item above.

Yours truly,



Ivy Lau  
Acting Manager  
Business Support Services Unit  
Licensing & Market Conduct Division