

Automobile Insurance Division

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## **MEMORANDUM**

**TO:** All Ontario Incorporated Fraternal Benefit Societies and Life Insurance Companies

**FROM:** Dennis Chan, Chief Actuary (Insurance)  
Actuarial Services

**DATE:** December 30, 2013

**RE:** **2013 INSTRUCTIONS FOR ACTUARIAL REPORT  
REQUIRED UNDER THE INSURANCE ACT**

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All Ontario incorporated Fraternal Benefit Societies and Life Insurance Companies are required, under subsection 121.13 (1) of the Insurance Act, to submit an actuarial valuation report on the actuarial and other policy liabilities of the insurer. This actuarial report must be submitted with the Annual Statements filed under subsection 102(1) of the Insurance Act.

Actuaries who prepare the above actuarial report are advised to follow the OSFI Memorandum to the Appointed Actuary (Life Insurance) 2013, which is available on the OSFI website at <http://www.osfi-bsif.gc.ca>. The document may contain specific references to provisions of the federal Insurance Companies Act and federal regulatory requirements. Where appropriate, these should be read as references to the corresponding provisions in the Insurance Act (Ontario) and Ontario regulatory requirements.

This memorandum and the updated 2013 OSFI instructions replace the previous instructions. We outline the following key changes in OSFI's 2013 Memorandum:

1. References in the Memorandum to the MCCSR and TAAM have been removed since such reporting is required in a separate report to OSFI.
2. The Appointed Actuary's opinion required in the AAR in previous years was different from the standard wording specified in the CIA Consolidated Standards of Practice. This year we are requiring the standard form of the opinion. The change to the GAAP opinion reflects the evolution in the acceptance of GAAP statements by financial statement users (including OSFI) since the time the previous opinion was created.
3. The requirement for the Appointed Actuary to follow the methodology outlined in the "Report of the CIA Task Force on Segregated Fund Investment Guarantees" dated March 2002, has been replaced with reference to more recent guidance.
4. The disclosure requirements for credit risk, for both the valuation assumptions and the actual gains/losses, have been clarified to ensure that all the effects of credit risk are captured.

5. The provisions for adverse deviations for mortality, mortality improvement, morbidity and morbidity improvement are to be disclosed separately in the summary table and product data tables.
6. The AAR is to include disclosure of the reporting relationship of the Appointed Actuary.
7. In addition, various minor changes have been made to clarify information requirements. Also, some sections have been relocated in the Memorandum, but with no substantive changes.

Please send the electronic filing of the Report of the Actuary with your annual filing return to FSCO per instruction in the FSCO annual filing instruction letter. For companies who are required to submit the Dynamic Capital Asset Testing report (DCAT), they should send the electronic copy of the report to FSCO no later than September 30, 2014.

Please discuss the filing requirements with your Appointed Actuary. If there are any questions about the appropriateness of any particular requirement to your company, please do not hesitate to contact Vivien Chiang, Senior Actuarial Associate, at (416) 590-2095.

Dennis Chan  
Chief Actuary, Insurance  
Actuarial Services  
Automobile Insurance Division