

Automobile Insurance Division

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MEMORANDUM

TO: All Ontario Incorporated Property and Casualty Insurance Companies and Reciprocal Insurance Exchanges

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

DATE: December 14, 2007

RE: **2007 MEMORANDUM FOR ACTUARIAL REPORT ON PROPERTY AND CASUALTY INSURANCE BUSINESS**

We have updated the Memorandum for Actuarial Report on Property and Casualty Insurance Business (Instructions). The Actuarial Report, pursuant to subsection 121.13(1) of the *Insurance Act*, must be submitted with the Annual Statements filed under subsection 102(1) of the *Insurance Act*.

With the exception of mutual insurance corporations that are members of the Fire Mutuals Guarantee Fund, all property and casualty insurance companies and reciprocals are required to submit an actuarial valuation report with their annual statements.

This Memorandum is the result of discussions between the Financial Services Commission of Ontario (FSCO) and the Office of the Superintendent of Financial Institutions, Canada (OSFI) and is designed to harmonize the actuarial requirements of regulators. Instructions that deserve special attention are highlighted in bold.

The 2007 P&C Memorandum and other relevant documents can be found on our website at <http://www.fsc.gov.on.ca>.

Please note that FSCO requires the run-off experience of unpaid claims provision be provided for a minimum of two years on an undiscounted basis. Additional run-off experience of unpaid claims on a discounted basis can also be included to facilitate the comparison of Actual Experience with Expected Experience.

Companies are required to provide both the discounted and undiscounted unpaid claims information in Appendix II – Unpaid Claims and Loss Ratio Analysis Exhibit. This comparison should facilitate further reviews of the changes in the ultimate claims estimates on discounted basis in future actuarial reports. Although an electronic filing of this exhibit is not required, companies may submit the electronic filing of the exhibit using the commercially available software that produces the P&C-1. Instructions for completing the electronic filing can be found on the OSFI website.

Please send along two (2) paper copies of the Report of the Actuary with your annual filing return to the address in the FSCO annual filing instruction letter. For companies who are required to submit the Dynamic Capital Asset Testing report (DCAT), they should also send two (2) paper copies of the report to the same address no later than September 30, 2008. Companies can send an additional electronic copy to FSCO in addition to the two (2) paper copies of the filings.

Should you have any questions or comments, please contact Vivien Chiang, Actuarial Services, at (416) 590-2054.

Dennis Chan

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