



Bureau du surintendant des  
institutions financières Canada

Office of the Superintendent of  
Financial Institutions Canada

# Amendments to Part XIII of the Insurance Companies Act

## Presentation to the CIIA September 21, 2009

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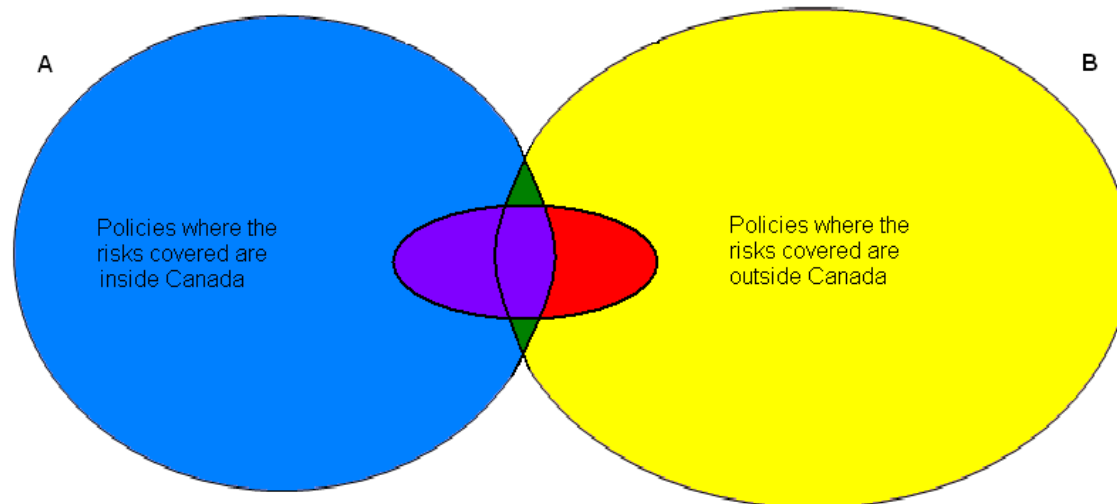
BSIF  
OSFI

Canada 

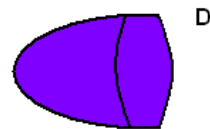
# Change of Focus for Part XIII

Policies written by Foreign Insurance Cies

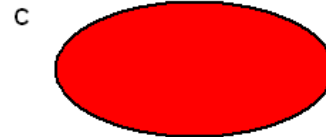
Shapes not to scale...



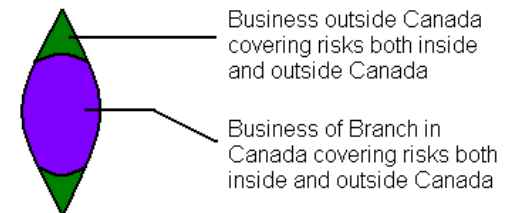
Policy in Canada  
(sub-category of Business in Canada)



Business in Canada  
(the primary focus of the ICA)

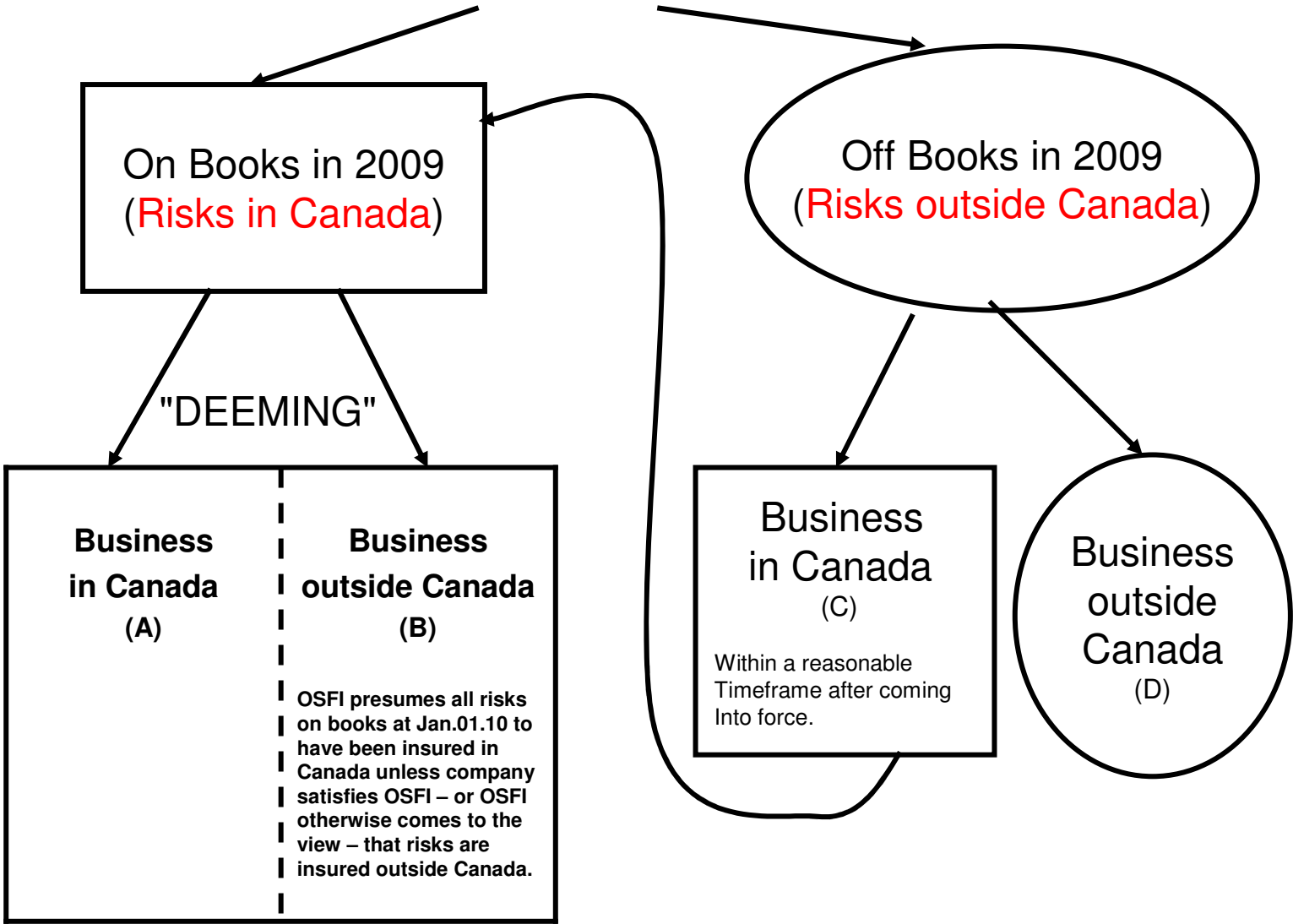


Group policies (Wal Mart...)



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# Reporting Requirements – Jan. 1, 2010



# Assumptions you can make

- Both Affidavits (CEO and Chief Agent) will stay the same because they already mention « insurance business »
- Scope of audits will remain the same, but tying factor of a policy to a branch will be whether the policy was insured here as defined under our Advisory – *Insuring in Canada a risk*
- If a branch was allowed to remove risks from its books, an OSFI letter will be on their file (either from Approvals or from the RM - TBD)



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# Assumptions you can make

- Same « look and feel » of Return
- Filing Instructions will tell company :

“The Annual Return (P&C-2 / Life-2) of a foreign company should **reflect only** the company’s **risks** that were **insured in Canada**. Under Part XIII of the ICA, regulatory reporting of a foreign entity’s business is now based on the location of the insurance rather than the location of risk.

For this reason, risks located outside Canada but insured in Canada by the Canadian branch should also be reported on the regulatory return. Conversely, risks located in Canada but insured outside Canada (e.g. by Home Office) would not be included.”



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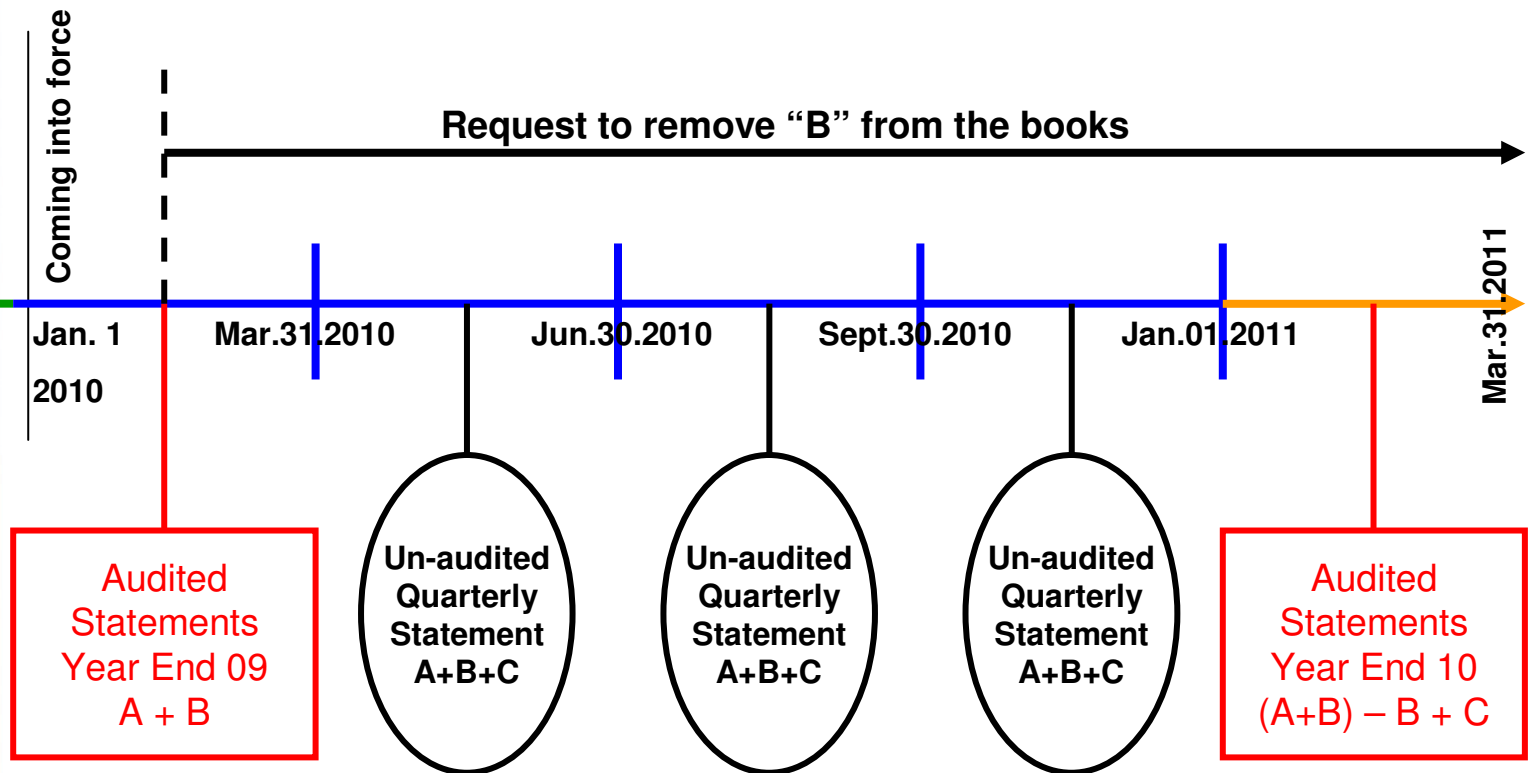
# Proposed Implementation

- Implementation Instructions applicable as of March 2010 (audited 2009 FS)
- Deeming rule – the audited 2009 FS are the starting point
- Adding « risks outside Canada » (C) during the year – **best efforts basis** → **due diligence**
- Removing « risks in Canada » (B) insured from abroad – at any time after risks (C) have been completely added



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## Implementation Amendments to Part XIII of Insurance Companies Act



**A : Risks in Canada insured in Canada**

**B : Risks in Canada insured outside Canada prior to Jan.01.2010**

**C : Risks outside Canada insured in Canada**

# OSFI's December 19 Package

- **Dedicated Web page :**  
[http://www.osfi-bsif.gc.ca/osfi/index\\_e.aspx?ArticleID=2729](http://www.osfi-bsif.gc.ca/osfi/index_e.aspx?ArticleID=2729)
- **Advisory in Final Form (2007-01-R1)**
- **Letter to Industry**
- **Note to Cedants**
- **Implementation Instructions**
- **Qs & As**
- **Other documents since then**



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# Selected Issues

- **Quarterly Progress Reports**
- **Provincial Requirements**
- **Reinsurance Credit**
- **Relief Measure – Reinsurance Credit**



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