
2019 Annual Return Instructions to Ontario incorporated insurers and reinsurers, fraternal societies, and reciprocal insurance exchanges

Version française disponible à partir du 10 janvier 2019.

As part of the Financial Services Regulatory Authority of Ontario (FSRA) monitoring of Ontario insurers, we require all licensed insurers to provide the documents described below, unless otherwise noted:

Business Plan

We request that you submit a company Business Plan for the year 2020. As a minimum, the Plan for 2020 should include a full-year forecast of the Income Statement, Balance Sheet and the Minimum Capital Test as at year-end 2020. 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 plan that you believe would help us to better understand your plans for the year.

If you have not already provided us with your 2020 Business Plan, we would request that it be submitted on or before February 28, 2020 and in an electronic format (pdf copy).

Dynamic Capital Adequacy Testing (DCAT)

We require that all Ontario insurers (other than Fraternal Societies, Reciprocal Insurance Exchanges and insurers that are members of the Fire Mutuals Guarantee Fund) submit a





DCAT report to FSRA no later than September 30, 2020. Please submit one electronic copy (signed pdf) 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 Standards of Practice and signed by the Appointed Actuary.

IFRS-17

In May 2017, the International Accounting Standards Board (IASB) issued IFRS 17 *Insurance Contracts*. IFRS 17 replaces IFRS 4, the current insurance accounting standard, and is effective for annual periods beginning on or after January 1, 2021. The Canadian Accounting Standards Board endorsed IFRS 17, which is now incorporated into Part I of the CPA Canada Handbook - Accounting.

Ontario insurers are subject to IFRS and thus, to this reporting standard, which will affect the recognition and measurement, and presentation and disclosure of insurance contracts.

In June 2019, the IASB issued proposed amendments to IFRS 17, one of which is a proposal to defer the implementation date of IFRS 17 to 2022. The IASB intends to finalize amendments by mid-2020. FSRA expects Ontario insurers to continue efforts towards implementation in 2021 and to use the extra year (if extended) for testing and quality assurance purposes.

OSFI has recently released proposed changes made to the Canadian Council of Insurance Regulators (CCIR) manual of regulatory forms and instructions. The proposed changes ensure that insurers will continue to report their financial statements in compliance with IFRS. OSFI is seeking views on a confidential basis through a public consultation which will run to March 21, 2020, on the draft IFRS 17 manual of regulatory forms and instructions. Further information can be referenced on OSFI's website: http://www.osfi-bsif.gc.ca/Eng/Docs/irpc_irfs17_let.pdf.

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

