

## SECTION IV

Detailed instructions are provided to assist insurers in clarifying filing requirements; they are not provided for every page or field in the P&C Quarterly and Annual Return filings (P&C Core Financial Statement Return (PC1), P&C Supervisory Quarterly Return (PC2), P&C Supervisory Annual Supplement Return (PC3) and P&C Provincial Return (PCPROV)).

The instructions are applicable to all insurers regardless of their jurisdiction of incorporation, unless specified otherwise in this section or in “Section V - Jurisdictional Requirements.”

Reference page numbers in the left hand column of certain pages of the P&C Quarterly and Annual Returns indicate the supporting exhibit pertaining to the particular statement item. For these items, the insurer should also refer to the instructions in this section for the page number of the supporting exhibit.

All references to “pages” refer to pages of the P&C Quarterly and Annual Returns.

Insurers are required to include the reference numbers to applicable note disclosures in the Financial Statement (FS) Notes Reference, in the second column on the left-hand side of certain pages of the P&C Core Financial Statement Return.

Any reference to “section” refers to a part of these instructions. Statutory reference to a section of legislation will be presented as “sec.”

Please refer to Section II for instructions on how to embed objects within the special Excel file.

### **Prior periods in PC1, PC2, PC3 and PCPROV**

Quarterly reports shall include interim financial statements for periods as follows:

- a) Statement of Financial Position as of the end of the current interim period and a comparative statement of financial position as of the end of the immediately preceding financial year.
- b) Statement of profit or loss and other comprehensive income for the current interim period and cumulatively for the current financial year to date, with comparative statement of profit or loss and other comprehensive income for the comparable interim periods (current and year-to-date) of the immediately preceding financial year.

**Prior periods in PC1, PC2, PC3 and PCPROV (cont'd)**

- c) Statement of changes in equity cumulatively for the current financial year to date, with a comparative of the statement for the comparable year-to-date period of the immediately preceding financial year.
- d) Statement of cash flows cumulative for the current financial year to date, with a comparative statement for the comparable year-to-date period of the immediately preceding financial year.
- e) Liability Roll Forward Statements as of the end of the current interim period and a comparative statement of financial position as of the end of the immediately preceding financial year.

**Page 10.10 - Annual Supplement**

**- Contact/Contact in Canada**

The contact is the person primarily responsible for the preparation of the P&C Quarterly and Annual Returns who can answer questions from regulators.

**- Head Office and Chief Agency**

In addition to the address of the Head Office and Chief Agency in Canada, the mailing address, telephone number and fax number of the Chief Agency in Canada are required.

**- Officers**

The full name of the officer and the postal address of his/her residence (not business) must be sufficiently complete to serve as a mailing address.

A complete list of all officers is not required.

**- External Auditor – Partner**

The name of the partner in charge of the audit is requested in addition to the name of the accounting firm.

**Page 10.15 – Directors**

Canadian insurers incorporated in a provincial jurisdiction must file this page on a quarterly basis. Canadian Federally regulated insurers are only required to file this page with their 4<sup>th</sup> quarter filing.

The full name of each director and the postal address of his/her residence (not business) must be sufficiently complete to serve as a mailing address.

Include the names of directors who are also officers. After Chairperson of the Board, Chairperson of the Audit Committee and Chairperson of the Conduct Review Committee, directors should be listed alphabetically.

If there is no Audit Committee or Conduct Review Committee, enter “Not applicable” on the Name line under the Committee.

**Page 10.17 –Corporate Information – Board Committees**

This page is required for all provincially incorporated insurers.

The committee name and listing of all of the committee members should be provided for each board committee mandated by law. Additional lines can be added into the form if required.

**Page 10.20 - Shareholders**

**– Line 40 – Change in Ownership**

“Substantial” means any share transfer involving 10% or more of the voting rights or any transfer of shares that result in a change of control of the insurer.

**Page 10.20 - Lines 61 to 89 - Shareholders**

When a registered shareholder who holds 10% or more of the shares of the insurer is controlled by another individual or corporation, the name of the individual or corporation that controls the shareholder must be shown in brackets after the name of the direct shareholder.

Similarly, where a substantial shareholder is identified by a nominee name or trust account number, the name of the actual controlling shareholder must be shown in brackets.

For stock insurers, the name of each director must appear in the list of shareholders. Any exceptions (directors without shares) must be explained in a footnote to the list of shareholders.

Some insurers may prefer to submit the requested information by means of a separate, confidential letter. In this case, they should contact their regulator.

Shareholders must be grouped by class of shares owned within each common or preferred share category. With the exception of directors, shareholders owning less than 5% of the shares in one class can be grouped together.

Column 04 “% of Voting Rights” must show the percentage of the total votes that each shareholder holds. This information is required to indicate the actual percentage when the number of shares does not equal the number of votes.

**Page 10.30 – Corporate Organization Chart**

The corporate organization chart should show the interrelationships between the insurer, its immediate and ultimate parent, and all other associated corporations (upstream and downstream) that are:

- publicly traded companies within the group;
- banks and trust companies within the group;
- other insurance companies within the group;
- insurance companies in which the insurer has a controlling interest (such as joint ventures);
- subsidiaries of the insurer; or
- insurance management companies within the group.

**Page 10.40 – Other Information**

This page should be filled out on a non-consolidated basis.

**– Line 10 – Amendments**

This question refers to articles of association and instruments of incorporation.

**Page 10.41 – Other Information**

This page should be filled out on a consolidated basis as part of the quarterly filing.

**– Lines 03-70 – Class of Insurance**

For additional information on the classes of insurance, refer to “Section III - Definitions.”

**– Lines 03-70 – Maximum Policy Limit and Net Retention**

The maximum policy limit is the maximum amount of insurance coverage (actual policy limit, not probable or foreseeable maximum loss) that the insurer provided during the reporting period on any one risk in the particular class of insurance. This refers to all risks insured in Canada, including those that are written by the insurer in connection with global business and/or fronted.

Net retention (direct insurers) is the maximum amount of **net** insurance coverage that the insurer retained in the reporting period on any one risk or exposure in the particular class of insurance, after the application of all reinsurance applicable to the risk.

Net retention (reinsurers) The maximum amount of coverage that the reinsurer accepted in the reporting period on any one risk or exposure in the particular class of insurance, either on a given assumed treaty or on a group of treaties covering the same risk or exposure for the same ceding insurer, less all retrocession applicable to the risk.

**Page 10.41 – Lines 03, 04, 05, 07, 10, 13, 17, 32, 33, 38, 68 – Total Insured Value (column 05)**

This column should include the total insured values (TIVs) for all risks in force at the statement date. The amounts reported should be in thousands of dollars (\$000s).

For the property class of insurance, it is a measure of total insured physical property losses, i.e. buildings and contents.

For the automobile class of insurance, it is a measure of the total insured value of all vehicles with comprehensive coverage, including any endorsement applicable, where appropriate.

For subscription policies, the reported TIV should be the pro-rated share of the total insured value of the property being insured. If participating on an excess layer, the value reported should be excess of the attachment point.

For marine business, TIV should reflect the estimated value of the cargo (and should be consistent with the value used in pricing the product). The amount should be reported per trip, per ship.

**SAMPLE**

**Page 10.42 – Encumbered Assets**

For the purposes of these returns, an asset should be treated as encumbered if a security interest has been granted. A security interest may be created in many ways, including if an asset has been pledged or if it is subject to any form of arrangement to secure, collateralise or credit-enhance any on-balance sheet or off-balance sheet transaction that it cannot be freely withdrawn. Assets pledged that are subject to any restrictions on withdrawal, such as assets that require prior approval before withdrawal or replacement by other assets should be considered encumbered.

Examples of encumbered assets include: providing deposits against reinsurance obligations, mortgaging real estate or derivatives.

Assets used in securities lending activities should be recorded on lines 40 and 45 of this page.

Please refer to “Section V - Jurisdictional Requirements” before creating and reporting a security interest.

**- Column 01 – Counterparty Legal Name**

Identify the counterparty to an encumbered asset.

**Page 10.42 - Column 02 – Counterparty Domicile**

The name of the jurisdiction in which the counterparty is incorporated, legally registered or the contract identifies as the jurisdiction of governing law.

**- Column 03 – Pledged/Lodged as Collateral**

Record the type of collateral being provided by the insurer, e.g. cash, government securities, subordinated debt, listed equity instruments.

**- Column 04 – Asset Type**

Record the type of asset that the collateral is securing (e.g. reinsurance contract, derivative, mortgage.)

**- Column 07 – Brief Description of the Encumbrance**

Narrative describing the purpose of the security interest being created and any other information relevant for the assessment of the asset encumbrance.

**- Line 20 – Significant Dependencies**

If the answer to the question on line 20 is “yes,” please indicate on line 21 provided, the name(s) of the organization(s) and the nature of each dependency. Significant dependencies are not restricted to related-party transactions.

**Page 10.43 – Outsourcing and Service Agreements**

This page should be filled out on a consolidated basis.

Numerical values for Row 09 should be included for Columns 05 and 06. Additional details on outsourcing agreements may be included in the embedded special Excel file.

**Page 10.43 - Column 01 – Service Outsourced**

Services to be reported include those provided under contract to a party outside of the reporting entity authorized under the relevant insurance legislation in Canada, as described below. For greater clarity, this includes outsourcing contracts/agreements and for branch insurers, management service agreements with home office.

List all outsourced services that are critical to the business of providing insurance, including services outsourced to an affiliated party or head office, and services provided by non-affiliate vendors. Critical services may include, but are not limited to: underwriting, claims management and valuation, investment counselling, administration and accounting services. Data and IT services are considered critical to the business of providing insurance if the insurer uses electronic platforms for claims or underwriting.

List all financially material non-critical outsourced services. Where applicable, these services may be grouped together by functional category (e.g. maintenance, landscaping, cleaning, etc). The financial materiality of the total cost should be assessed and reported if deemed material.

All services provided from affiliated parties should be disclosed.

**- Column 02 – Provider Name**

The full legal name of the service provider should be reported. Where services are grouped by function, the function should be clearly described. Column 07 can be used to clarify or elaborate on the function description if necessary.

**- Column 03 – Provider Head Office Address**

The city, subnational jurisdiction (e.g. state or province) and national jurisdiction of the head office of the service provider should be reported.

**- Column 04 – Location Where Services Provided**

The address(es) of the location where the services are provided should be reported.

**- Columns 05 and 06 – Annual Fee/Cost of Services**

The annual fee/cost of services reported should be the total annual contractual obligation, regardless of the start/end date of the contract.



**Page 10.60 – Summary of Selected Financial Data for Five Years**

Canadian insurers are requested to provide data on a consolidated basis for appropriate years where consolidated results and comparatives have been filed. For prior years when non-consolidated results were filed, insurers can report non-consolidated data but should identify it as such within the year column.

Note: In the year of IFRS 17 adoption OSFI expects current and prior year comparative data to be reported and the rest of the prior year data can be left blank. In the subsequent years going forward prior years data beyond the IFRS 17 comparative data available can be left blank and reported in the year when it becomes available until the five years of comparative data are generated.

Foreign insurers are requested to provide all data on a non-consolidated basis.

**- Line 01 – Assets/Assets Vested in Trust**

Foreign branches should report assets vested in trust on this line.

**- Line 04 – Adjusted Equity**

This line applies to Canadian insurers only.

“Adjusted equity” is defined as:

Total Equity (page 20.11, line 699)	Minus	Non-controlling interests (page 20.11, line 620)	Minus	Capital required for catastrophe reserves as calculated in the Capital return	Minus	Capital required for reinsurance held with unregistered insurers as calculated in the Capital return
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**Page 10.60 – Line 46 – Investment Yield**

Investment yield is to be calculated according to the following formula:

$$\text{Yield} = \frac{2(I + \text{PI})}{(V_b + V_e - I - \text{PI})} \times 100$$

where

I = investment return (page 20.22, line 300)

PI = share of net income (loss) of equity accounted investees (page 20.22, line 415)

V = cash and cash equivalents, accrued investment income, and investments (page 20.10, lines 01, 11, 14, columns 01 and 03) at the beginning and end of the year

**– Line 48 – Return on Equity**

This line applies to Canadian insurers only.

Return on equity is to be calculated according to the formula:

$$\text{Return} = \frac{2\text{NI}}{(E_b + E_e)} \times 100$$

where

NI = net income (loss) for the year (page 20.22, line 999, column 01)

E = total equity at the beginning and end of the year (page 20.11, line 699, columns 01 and 03).

**- Lines 50 to 68 – Equity and Other Ratios**

These lines apply to Canadian insurers only.

**Page 10.60 – Line 66 – Agents and Brokers Balances and Amounts Due from Subsidiaries and Associates as a Percentage of Adjusted Equity**

Agents and brokers balances and amounts due from subsidiaries and associates	Equals	Receivables-unaffiliated agents and brokers	Plus	Receivables-subsidiaries, associates and joint ventures	Divided by	Adjusted equity (page 10.60, line 04)
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**– Line 68 – Claims Development as a Percentage of Adjusted Equity**

Claims development as a percentage of adjusted equity	Equals	Amount: excess or (deficiency) (page 60.35, line 599, column 10)	Divided by	Adjusted equity (page 10.60, line 04)
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**- Lines 19 to 27 and 73 to 80 - Total Home Office Results**

These lines apply to foreign insurers only.

These amounts should be reported, non-consolidated, in the currency of the insurer's home jurisdiction. Please include a description of the currency and the basis of accounting used for Home Office reporting. If Home Office has adopted IFRS 17, please ensure lines 73-78 are included when completing this exhibit. If Home Office has not adopted IFRS 17, please ensure lines 23-26 are included when completing this exhibit.

**– Line 90 – Discount Rate**

The insurer should provide an average discount rate expressed as a percentage for all lines of business. The ratio should be limited to one decimal point and is the same average discount rate calculated and used in the Appointed Actuary's Report.

**– Line 91 – Duration of Bonds**

The insurer should determine the duration of the bond portfolio reported on page 40.08, lines 10 and 199 and expressed in years. The ratio should be limited to one decimal point and should be the same average duration as used in the minimum capital test calculations for interest rate risk.

**Pages 20.10 to 20.60 – “Consolidated” Financial Statements**

For Canadian insurers, the financial statements should be reported on a consolidated basis.

For foreign insurers, the financial statements should be reported on a non-consolidated basis.

The P&C Core Financial Statement Return should be completed in accordance with IFRS.

**Page 20.10 – Assets**

Opening Prior Period restated: To be completed by insurers that make a retrospective restatement or reclassification of items in accordance with International Accounting Standard (IAS) 1, paragraph 10(f).

IFRS requires many items be presented separately within the financial statements or shown within the notes to the financial statements. If the P&C return does not accommodate the separate line reporting of certain items, insurers are expected to disclose such information within the notes to the financial statements.

**- Columns 02, 04 and 06 – Vested in Trust**

These columns apply to foreign insurers only and should exclude deposits of reinsurers held in special trust accounts.

**- Line 01 – Cash and Cash Equivalents**

Insurers must not offset credit balances in one depository institution against debit balances in another depository institution. Netting is allowed only between branches of the same depository institution.

**- Line 50 – Assets Held for Sale**

Report all assets that are in disposal groups under IFRS 5. This does not include investments in the portfolio designated available for sale.

**- Line 14 - Investments**

See instructions for page 40.08.

**Page 20.10 - Line 15 – Equity Accounted Investees**

See instructions for page 40.84.

**- Line 17 – Investment Properties**

Include right-of-use assets that are considered investment properties.

**- Line 41 – Property and Equipment**

Include right-of-use assets that are considered Property and Equipment.

**- Line 58 – Defined Benefit Pension Plan**

Report defined benefit pension plan net surpluses on this line.

**- Line 60 – Segregated Funds Net Assets**

This line applies to Life insurers only.

**- Line 88 – Other Assets**

Include prepaid expenses, receivables, deferred charges and deferred acquisition costs not related to insurance contract liabilities.

**Page 20.11 – Liabilities and Equity**

Opening prior year restated: To be completed by insurers that make a retrospective restatement or reclassification of items in accordance with IAS 1, paragraph 10(f).

**- Line 030 – Provisions, Accruals and Other Liabilities**

Include lease liabilities and payables not related to insurance contracts.

**- Line 040 – Liabilities Held for Sale**

Report all liabilities that are in disposal groups under IFRS 5. This does not include liabilities designated available for sale.

**Page 20.11 - Line 080 – Trust and Banking Deposits**

Include deposits relating to the P&C insurer's banking and trust subsidiary operations.

**Quebec P&C insurers:** Include deposits relating to the P&C insurer's banking and trust operations.

**- Line 110 – Defined Benefit Pension Plan**

Report defined benefit pension plan net deficits on this line.

**- Line 130 – Subordinated Debt**

This line applies to Canadian insurers only.

Refer to “Section III - Definitions” for further guidance.

**- Line 140 – Preferred Shares – Debt**

This line applies to Canadian insurers only.

**- Line 150 – Insurance Contract Liabilities - Excluding Segregated Funds**

This line applies to all Insurance contracts liabilities excluding segregated fund contracts.

**- Line 155 – Insurance Contract Liabilities - Segregated Fund Guarantees**

This line applies to Life insurers only.

**- Line 160 – Insurance Contract Liabilities - Segregated Funds Net Liabilities**

This line applies to Life insurers only.

**- Line 170 – Reinsurance Contract Held Liabilities - Excluding Segregated Funds**

This line applies to all reinsurance contracts held liabilities excluding segregated fund contracts.

**Page 20.11 - Line 175 – Reinsurance Contract Held Liabilities - Segregated Fund Guarantees**

This line applies to Life insurers only.

**- Line 180 – Reinsurance Contract Held Liabilities - Segregated Fund Net Liabilities**

This line applies to Life insurers only.

**- Line 190 – Investment Contract Liabilities - Excluding Segregated Funds Net Liabilities**

Line applies to Investment Contract Liabilities excluding those for account of segregated fund holders.

**- Line 195 – Investment Contract Liabilities - Segregated Funds Net Liabilities**

This line applies to Life insurers only.

**Policyholders' Liabilities:**

**- Line 310 – Residual Interest (Non-Stock)**

This line mainly applies to mutual entities and fraternal.

Record insurance contracts under which the most residual interest of the entity is due to a policyholder and not a shareholder.

**- Line 320 – Participating Account**

This line applies to Life insurers only.

**- Line 330 – Non-Participating Account (Non-Stock)**

This line applies to Life insurers only.

**- Lines 410-699 - Equity**

These lines apply to Canadian insurers only.

**Page 20.11 - Line 410 – Residual Interest (Non-Stock)**

Line mainly applies to mutual entities and fraternal.

Line to record insurance contracts under which the most residual interest of the entity is not due to a policyholder.

**- Lines 420 - 450**

These lines apply to Life insurers only.

**- Line 550 – Retained Earnings**

For use by stock companies only.

**- Line 810 – Head Office Account**

For use by foreign insurers only. Report end of year balance as reconciled on page 20.45.

**- Lines 810-899 – Head Office Account, Reserves & AOCI**

These lines apply to foreign insurers only.

**Page 20.12 - Liability Roll Forward (Analysis by measurement component (Insurance contracts not measured under the PAA – excluding Segregated Funds))**

This schedule is to be completed in accordance with IFRS 17 disclosure requirements for the Insurance Contracts Liability roll forward.

The schedule applies to Insurance Contracts not measured under the Premium Allocation Approach (PAA).

**- Columns 18 and 48 – Other**

These columns will be used to record insurance contracts that will be transitioned to IFRS on a full retrospective basis and all other insurance contracts on a go-forward basis.



**Page 20.14 - Liability Roll Forward (Analysis by remaining coverage and incurred claims (all insurance contracts – excluding Segregated Funds))**

This schedule is to be completed in accordance with IFRS 17 disclosure requirements for the Insurance Contract Liability roll forward.

The schedule applies to all Insurance Contracts.

**- Row 130 – Other**

This line will be used to record insurance contracts that will be transitioned to IFRS on a full retrospective basis and all other insurance contracts on a go-forward basis.

**Page 20.16 - Liability Roll Forward (Reinsurance contracts held analysis by measurement component (Contracts not measured under the PAA – excluding Segregated Funds))**

This schedule is to be completed in accordance with IFRS 17 disclosure requirements for the Reinsurance Contract Held Liability roll forward.

The schedule applies to Reinsurance contracts held not measured under the Premium Allocation Approach (PAA).

**Page 20.18 - Liability Roll Forward (Reinsurance contracts held analysis by remaining coverage and incurred claims (all contracts – excluding Segregated Funds))**

This schedule is to be completed in accordance with IFRS 17 disclosure requirements for the Reinsurance Contract Held Liability roll forward.

The schedule applies to all reinsurance contracts.

**Page 20.22 – Statement of Profit or Loss**

**- Line 010 – Revenue from PAA Contracts**

Revenue from insurance contracts measured using the Premium Allocation Approach (PAA).

**Page 20.22 - Line 020 – Revenue from GMM Contracts (excluding VFA contracts)**

Revenue from insurance contracts measured using the General Measurement Method (GMM) excluding insurance contracts that meet the eligibility criteria for Variable Fee Approach (VFA).

**- Line 030 – Revenue from VFA Contracts**

Revenue from insurance contracts that meet the eligibility criteria for Variable Fee Approach (VFA).

**- Line 099 – Total Insurance Revenue**

Sum of lines 010, 020, and 030.

**- Line 110 – Insurance service expenses**

An entity shall present in profit or loss insurance service expenses arising from a group of insurance contracts issued.

**- Line 120 – Net expenses from reinsurance contracts held**

This line represents amounts recovered from the reinsurer and an allocation of the premiums paid.

**- Line 199 - Insurance Service Result**

Line 199 is equal to the sum of line 099 and line 120, less line 110.

**- Line 220 – Interest revenue on financial assets not measured at FVTPL**

This line is to record interest earned on cash and short-term investment, bonds, mortgage loans, derivative activities and any other interest-bearing investments.

**- Line 230 - Net investment income excluding segregated funds**

This line is to record investment income (includes realised gains, fair value gains, dividends, rental income, etc.) less related expenses excluding net investment income from segregated funds. Net investment income from segregated funds guarantees (related to the general account) should also be reported on this line.

**Page 20.22 - Line 240 – Net investment income – segregated funds**

This line applies to Life insurers only.

**- Line 250 – Provision for Credit Losses**

Line to record impairment losses in accordance with IFRS.

This line is equal to the sum of Total Provisions Current Period End (line 199, column 59) and Current Period Additional Writedowns (line 199, column 69) on page 40.88.

**- Line 300 – Investment Return**

Sum of lines 220, 230, 240, and 250.

**- Line 310 – Net finance income (expenses) from insurance contracts excluding segregated funds**

Line to record change in carrying amount of group of insurance contracts arising from the effect of the time value of money, changes in time value of money, effect of financial risk and changes in financial risk.

**- Line 320 – Net finance income (expenses) from reinsurance contracts held**

Line to record change in carrying amount of group of reinsurance contracts held arising from the effect of the time value of money, changes in time value of money, effect of financial risk and changes in financial risk.

**- Line 330 – Movement in investment contract liabilities**

Line to record the movement in investment contract liabilities which consists of claims incurred in the year less the corresponding elimination of the policyholder liability originally recognized in the balance sheet and the investment return credited to policyholders.

**- Line 399 – Net Investment Result**

Sum of lines 300, 310, 315, 320 and 330.

**- Line 410 – Other Income**

See instructions for page 80.35.

**Page 20.22 - Line 415 – Share of Net Income (Loss) of Equity Accounted Investees**

Insurers must report its pro rata share of the net income (loss) using the equity method of accounting for subsidiaries and associates and, where applicable, joint ventures. Insurers should also report share of Net Income (Loss) from investment pooled arrangements between affiliated companies accounted using the Equity Method.

**- Line 420 – General and Operating Expenses**

See instructions for page 80.25.

**- Line 520 – Discontinued Operations (net of Income Taxes of \$\_\_\_\_)**

There are three datapoints to be completed on this line: Current period (column 01), prior period (column 03), and an inside datapoint (column 04). The inside datapoint is labelled “net of Income Taxes on Discontinued Operations”, and is located at the bottom of the form.

**- Lines 610 – 650**

These lines apply to Canadian insurers only.

**- Line 610 – Participating Policyholders/Certificateholders**

This line applies to Life insurers only.

**- Line 620 – Other Fund Account**

This line applies to Life insurers only.

**- Line 630 – Residual Interest Policyholders**

For a Mutual Entity or a Fraternal organization, this line reflects the allocation of net income (line 999) arising from residual interest that is attributable to policyholders.

**Page 20.32 - Consolidated Statement of Profit or Loss (Budget) (for BC incorporated insurers only)**

Only Canadian insurers that are incorporated in the province of British Columbia are required to fill in this schedule.

Report year to date budget to the end of the quarter in the same format as described on page 20.22.

See general instructions under page 20.22.

**Page 20.38 - Consolidated Statement of Profit of Loss (Annual Budget for Next Fiscal Year) (for BC incorporated insurers only)**

Only Canadian insurers that are incorporated in the province of British Columbia are required to fill in this schedule.

Report annual budget numbers for next fiscal year in the same format as described on page 20.22.

See general instructions under page 20.22.

SAMPLE

**Page 20.41 – Statement of Residual Interest**

This page applies to Canadian insurers only.

**Page 20.41 - Statement of Residual Interest – Policyholders' Equity**

This table should be used by mutual entities and fraternal which have a feature that states that the most residual interest does not belong to a policyholder.

**- Lines 030-040 - Adjustments**

The portions of:

- i) prior period adjustments; and
- ii) accounting policy changes which have been applied retroactively and which have been allocated to opening retained earnings are to be reported on this line. Such changes would normally be fully explained in the Notes to the Financial Statements.

**Page 20.41 - Line 050 – Share of Net Income (Loss)**

The sum of this line and line 150 from “Statement of Residual Interest – Liabilities” is equal to line 630 on page 20.22.

**Page 20.41 - Statement of Residual Interest – Liabilities**

This table should be used by mutual entities and fraternal which have a feature that states that the most residual interest belongs to a policyholder and not a shareholder.

**- Lines 130-140 - Adjustments**

The portions of:

- i) prior period adjustments; and
- ii) accounting policy changes which have been applied retroactively and which have been allocated to opening retained earnings are to be reported on this line. Such changes would normally be fully explained in the Notes to the Financial Statements.

**- Line 150 – Share of Net Income (Loss)**

The sum of this line and line 050 from “Statement of Residual Interest – Policyholders’ Equity” is equal to line 630 on page 20.22.

**Page 20.42 – Comprehensive Income (Loss) and Accumulated Other Comprehensive Income (Loss)**

***General Instructions***

All amounts should be reported on an after-tax basis.

**- Lines 60, 62 and 84**

These lines apply to Canadian insurers only.

**- Lines 80 and 82**

These lines apply to Life insurers only.

**Page 20.45 - Head Office Account**

This table applies to foreign insurers only.

Any transitional adjustments / balances from the adoption of a new accounting standard should be reported on line 04 in the year of transition.

**- Line 20 – Advances (Returns)**

This line represents the equivalent of a capital transfer from (to) the head office.

**- Line 21 – Expenses**

This line represents the settlement of any expense agreement with the head office.

**- Line 22 – Insurance Related Cash Flows**

This line represents the settlement of any insurance related cash flow transactions with the head office.

**- Line 23 – Other**

This represents any other transfers not included above.

SAMPLE

**Page 20.45 - Reserves**

**- Line 96 – Nuclear Reserve**

Refer to MCT Guideline on the calculation of Nuclear Reserve.

**- Line 98 – General Contingency Reserves**

This line applies to Canadian insurers only.

**Page 20.54 - Statement of Changes in Equity**

This page applies to Canadian insurers only.

Report changes in equity items per Equity section of Consolidated Financial Statements on page 20.11 and AOCI on page 20.42.

**Page 20.54 - Lines 60 and 62**

These line items will be used to summarize the impact of transitioning to IFRS 17 and 9.

**Page 20.60 – Notes to the Financial Statements**

In addition to the notes normally required under the applicable accounting standards, these notes should include the following items, where relevant:

- the existence of financing reinsurance arrangements and their financial impact; and
- the percentage of the insurer's participation in a pool, and disclosure of its share of the amount of direct premiums written, reinsurance assumed and reinsurance ceded in the pool.

**Page 40.08 – Summary of Investments**

For foreign insurers, investments are vested in trust. All amounts must be denominated in Canadian dollars using the appropriate exchange rate in effect at the reporting date.

For each investment category listed in the summary the balance sheet value of the investments should be reported in the columns based on their classification under the applicable accounting standards.

**- Line 010 – Short-Term Investments**

Investments other than Cash Equivalents having an original term to maturity of one year or less; includes term deposit, GICs, commercial paper, treasury bills, etc.

**- Line 199 - Bonds and Debentures**

Fixed-term investments having a fixed maturity date or dates for the repayment of principal (includes convertible bonds, stripped bonds, asset backed securities and GICs with original terms to maturity of more than one year).

Government Securities are securities issued or guaranteed by OECD Central Governments and Canadian Provinces and Territories. If bonds issued by crown corporations are guaranteed by OECD governments, they should be reported under "Government".



**Page 40.08 - Line 199 - Bonds and Debentures (cont'd)**

Corporate Public bonds and debentures are securities that are registered and traded to the public. They usually have CUSIP numbers.

Corporate Private bonds and debentures are securities which are not registered and traded to the public. They are normally offered to a single or select group of investors.

Investment grade corporate public bonds and debentures are defined as securities that are rated as BBB or higher by a recognized rating agency.

Investment grade for corporate private bonds and debentures is defined as securities that would be rated as BBB or higher according to the criteria used by recognized rating agencies.

**- Line 210 – Mortgage Loans**

Amounts reported should be after the deduction of collective and individual provisions, if any, which were established to reflect non-collectability of loan balances. Includes sale agreements, power of sales, mortgage pools, and mortgages in process of foreclosure, where title has not yet passed to the insurer.

**- Line 259 – Preferred Shares**

Include convertible preferred shares.

**- Line 279 – Common Shares**

Include options, warrants and rights in respect of common shares.

**- Line 310 and 320 – Other Loans and Invested Assets**

Include leases, seed money provided for Segregated Funds operations and other recognized financial assets not reported on line items above.

**- Column 05 – Fair Value Through Profit or Loss (FVTPL)**

Report the balance sheet value of investments included in the category at fair value through profit or loss classified as held for trading.

**- Column 10 – Available for Sale (FV) (the heading is FVOCI)**

Report items that are classified as Available for Sale, but are measured at amortized cost in this column.

**Page 40.08 - Column 15 – Hedges**

Report the balance sheet value of derivative instruments that are part of designated cash flow or fair value (FV) hedging relationships. For a fair value hedge, also report the balance sheet value of the hedged item. For a cash flow hedge, the balance sheet value of the hedged item should be reported in column 20.

**- Column 25 – FV Option/Investment Properties Fair Value**

Report the balance sheet value of investments designated as at fair value through profit or loss and investment property valued using the fair value method.

**- Column 30 – Amortized Cost**

Report the balance sheet value of financial instrument investments measured using amortized cost including investments classified as held to maturity, loans and receivables and cash flow hedges.

Include investment properties valued using the cost method.

**- Columns 40, 45 and 50 - Expected Credit Loss (ECL) – Stage I, II and III**

Report the expected credit losses amount for each stages 1, 2 and 3 as described in IFRS 9, *Financial Instruments*.

**- Column 70 – Balance Sheet Value of Assets Used to Back Index Linked Product**

Report balance sheet value of investments that are in the general fund and where the investment risks are passed through to policyholder/certificateholder as the investments are used to back index-linked products.

**Pages 40.12 to 40.52 – Consolidated Investments**

These pages apply to Canadian insurers only.

Insurers must:

- populate all subtotals and totals for each of these pages; and
- provide investment details to support subtotals either by inserting additional lines or embedding a file. Please refer to Section II for instructions on how to embed objects within the special Excel file.

For each investment category, the statement of financial position value of the total investments should be reported in the columns based on their classification.

Refer to the [MCT Guideline](#) for a description of the ratings.

The “Where/By whom kept” in column 01 is the name of the trustee or the servicer.

The due dates for interest are the next payment date from the date of the statement.

SAMPLE

**Page 40.12 – Investments: Short-Term Investments (excluding bonds and debentures)**

Include items such as but not limited to Treasury bills, commercial paper, short-term unsecured promissory notes issued by financial institutions and industrial corporations, interest-bearing deposits with a deposit-taking institution, bank deposit certificates, trust company guaranteed investment certificates.

Short-Term Investments reported on line 99, columns 10 through 29 on page 40.12	Equals	Short-Term Investments reported on line 010, columns 05 through 35 on page 40.08
---	--------	--

The detailed holdings for non-government, short-term investments are listed within the applicable rating categories.

Short term investments that mature in one year or less are included on this page.

**Page 40.22 – Investments: Bonds and Debentures**

This represents holdings of Canadian government or government guaranteed bonds shown in total only on lines 09, 19 and 29.

Bonds and Debentures reported on line 99, columns 10 through 29 on page 40.22	Equals	Bonds and Debentures reported on line 199, columns 05 through 35 on page 40.08
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The detailed holdings of foreign government bonds are to be listed on line 35. The country of the foreign bond should be clearly displayed within the description in column 02.

The detailed holdings for non-government bonds and debentures are listed within rating grades. Bonds and debentures that mature or can be repurchased by the issuing company in one year or less must be included in line 39 or 69. All others (including perpetual bonds) that mature in more than one year and less than five years must be included in line 49 or 79, and those that mature in more than five years in line 59 or 89.

The date of issue in column 06 should be the original issue date of the bond. It is not the date of acquisition.

Investments are split by maturity term into three categories: less than one year, greater than one year and less than or equal to five years, and greater than five years. As an investment nears its maturity date, it moves through the three categories.

**Page 40.32 – Investments: Mortgage Loans**

The amounts in columns 07 and 09 reflect the original amounts, not the latest values at renewal. The amount in column 08 reflects the current market value of the property.

**Page 40.70 – Investment Properties**

**– Line 49 – Total Investment Properties**

The split between investment properties and own-use properties as shown on this page reflects the balance sheet treatment under the applicable accounting standards.

Insurers should indicate in the description of the property which of the real estate items have been allocated between the two categories.

Properties should be listed in accordance with the province or country of location, with subtotals where applicable. The list should follow the alphabetical order of provinces and territories first, followed by countries other than Canada, where applicable.

Amounts shown in columns 04, 05 and 06 are gross (i.e. including encumbrances, which are shown separately on page 20.11, line 060 ).

**- Column 07 – Balance Sheet Value - Vested in Trust**

This column applies to foreign insurers only.

SAMPLE

**Page 40.74 – Investment Return**

The total investment return on line 499 should correspond to the Statement of Profit or Loss (page 20.22, line 300).

**Page 40.80 – Other Loans and Other Invested Assets**

Other loans and invested assets include, where permitted, broker loans, investments in non-financial investments including, but not limited to, precious metals, coins and art as well as positive marked-to-market derivative instruments and other recognized financial investments not included in other investment categories, such as letters of credit. Total Other Loans on line 159 should tie to page 40.08, line 310. Total Other Invested Assets on line 259 should tie to page 40.08, line 320.

When reporting broker loans, a detailed listing is required, either directly on the form or embedded within the special Excel file.

**Page 40.80 – Other Loans and Other Invested Assets (cont'd)**

For all recognized financial instruments listed in other investments, additional information should be attached to the insurer's Annual Return on each type and class of instrument held during the year and outstanding at year end, including the following:

- notional amount and remaining term to maturity;
- underlying assets;
- whether it is an over-the-counter or exchange traded instrument;
- whether the instrument is held for
  - (i) trading purposes;
  - (ii) hedging purposes; or
  - (iii) other purposes; and
- the maximum credit risk exposure for each type of instrument.

The notional principal amount is:

- the stated notional amount, except where the stated notional amount is leveraged or enhanced by the structure of the transaction. In these cases, insurers must use the actual or effective notional amount when determining potential future exposure;
- nil, where the credit exposure on single currency floating/floating interest rate swaps would be evaluated solely on the basis of their marked-to-market value; or
- for contracts with multiple exchanges of principal, the sum of the remaining payments.

**- Column 05 – Balance Sheet Value – Vested in Trust**

This column applies to foreign insurers only.

**Page 40.84 – Summary of Equity Accounted Investees**

**- Line 010 – Interests in Associates & Joint Ventures**

Investments in mutual funds, segregated funds and any similar investments should not be reported here.

**- Line 020 – Investments in Pooled Funds**

Report investment pooled arrangements between affiliated companies accounted for using the Equity Method.

**Page 40.88 – Summary of Provisions**

Report short-term investments, preferred and common shares under line 050 “Other Loans and Invested Assets.”

Foreign insurers should report all amounts vested in trust.

**- Columns 05 to 25**

Amounts for columns 05 to 25 are to only be reported on the 4<sup>th</sup> quarter filing.

**- Column 05 – Provisions Prior Period End**

Report Prior Period End Provisions (collective & individual) under IFRS 9.

**- Column 10 – Movement Current Period – Increase**

Report increase of provisions (collective & individual) under IFRS 9 during current period.

**- Column 15 – Movement Current Period – Decrease**

Report decrease of provisions (collective & individual) under IFRS 9 during current period.

**- Columns 30, 35 and 40 – Provisions Current Period End (Including ECL – Stage I, II and III)**

Report the expected credit losses amount for each of the stages I, II and III as described in IFRS 9, *Financial Instruments*.

**Page 40.92 – Provisions, Accruals, and Other Liabilities**

**- Line 090 – Other**

Include provision for employee benefits or any other items not included on lines 010 to 080.

**Page 50.20 – Receivable from/Payable to Non-Associated Agents and Brokers**

To be completed for insurance contracts issued only.

Information respecting agents and brokers whose accounts represent 10% or more of the total year-end amounts receivable/payable from/to agents and brokers (line 49), or whose annual premium volume is 10% or more of insurance revenue, must be listed separately. Amounts representing less than 10% may be aggregated and reported under “All Others”.

The number of non-associated agents and brokers reported must be the total of all agents and brokers (other than associates) that have written at least one policy during the fiscal year.

**Page 50.32 – Intra-Group Transactions**

Sections I to IV apply to Canadian insurers only.

The following instructions are applicable for Sections I through IV of this page.

Where there is greater than 10% ownership in joint ventures, all amounts must be reported in detail. Associated brokers as defined in the [MCT Guideline](#) should also be reported here.

For all interests in joint ventures (with greater than 10% ownership) consolidated within the MCT, non-qualifying subsidiaries and all associates, provide the information in the relevant sections.

**- Column 01 – Name of Entity**

Include the name of the entity.

**- Column 04 – Description of Shares**

Include a description of the:

- share (preferred/common, conversion/redemption rights);
- loan or advance (secured/subordinated, conversion/redemption rights, maturity);  
and
- receivable (insurance/reinsurance/trade).



**Page 50.32 - Columns 06 to 14 – Interests/Loans Considered as Capital**

Identify the initial cost of the shares at acquisition (column 12) and the current market value (column 14).

**Section III:**

Interests in common and preferred shares or loans/advances to joint ventures (with greater than 10% ownership), non-qualifying subsidiaries and all associates must be identified separately. The equity method will be used for valuing these interests in column 16. Column 18 reflects the difference between column 12 and column 16.

For loans and other debt instruments that are considered as capital, complete columns 14, 16 and 18 only.

**- Column 08 – % Owned**

Enter the percent of the total shares of the type being reported that the interest represents.

**- Column 20 – Loans not Considered as Capital – Statement of Financial Position Value**

For loans that are not considered as capital.

**Page 50.32 - Section V - Columns 40 to 79 – Intra-group reinsurance transactions**

Columns 40 to 79, lines 42-44 should correspond to the respective columns in page 70.50 / 70.60 for line “Total Associated and Non-qualifying subsidiary”.

**Page 50.32 - Section VI - Column 35 – Intra-group outsourcing**

Report YTD Fee/Cost for intra-group outsourced services incurred/provided at the end of the reporting period.

**Page 50.32 - Section VII - Columns 40 and 42 – Other Intra-group transactions resulting in asset encumbrance**

Enter the total of line 19 from column 05 on page 10.42 from the P&C Supervisory Annual Supplement Return. If there is a change of greater than 10 per cent during the period, this change should be reflected in the total of the quarterly filing.

In addition, any securities lending to related parties included in the amounts on page 10.42, lines 40 and 45 should be included in Section VII.

**Page 50.40 - Receivable from/Payable to**

Refer to the definition of the term "associate" in “Section III – Definitions.”

For Canadian insurers, amounts receivable from/payable to non-qualifying subsidiaries, all associates and joint ventures (regardless of ownership level) arising out of insurance, reinsurance and any other activities must be shown for each company, reporting the total on lines 29 and 39 respectively.

For Foreign insurers, amounts receivable from/payable to associates arising out of insurance, reinsurance and any other activities must be shown for each company, reporting the total on lines 29 and 39 respectively.

**Page 60.25 – Insurance Service Result and  
Page 60.35 – Claims and adjustment expenses paid, current year, Liabilities for incurred claims, current year and prior year claims development**

All companies are requested to follow the “Type of Use” guidance provided in chapter 5 of the “Automobile Statistical Data Reporting Requirements” – [Automobile Statistical Plan Manual](#) including underwriting information tracking.

Private passenger auto includes only the code classification specified in the General Insurance Statistical Agency (GISA) manual for private passenger auto excluding farmers.

Private passenger auto does not include the Facility Association Residual Market (FARM) business. This business is to be reported separately on lines 170, 180 and 190.

**Classes of Insurance**

For additional information on the classes of insurance, refer to “Section III - Definitions.”

**Page 60.25 - Insurance Service Result**

This page is designed to collect information on Insurance service result by line of business where the following components comprising Insurance service result must equal as follows:

- Column 19, line 599 Insurance Revenue should equal the amount reported on page 20.22, column 01, line 099
- Column 29, line 599 Insurance Service Expenses should equal the amount reported on page 20.22, column 01, line 110
- Column 39, line 599 Net Expenses from Reinsurance Contracts Held should equal the amount reported on page 20.22, column 01, line 120
- Column 45, line 599 Insurance Service Result should equal to the amount reported on page 20.22, column 01, line 199

**– Column 02 – Number of Policies in Force**

Each class (or sub-class) requires the number of policies, where coverage is provided, at year-end. Number of policies in force refers to direct policies issued by the insurer.

In some circumstances, the revenue for one policy is allocated to sub-classes (i.e. automobile policies), or is allocated to different lines of business (i.e. commercial policies). In those instances, the policy-in-force count should include each sub-class or additional line of business where coverage is provided. The policy-in-force count will not be additive to the total line (line 599).

Example: Company with two policies in force—one automobile policy and one commercial lines policy.

		<b>Line</b>	<b>No. policies in force</b>
<b><i>One automobile policy</i></b>			
Automobile	- liability	219	1
	- pers. accident	229	1
	- other	239	1
<b>Automobile</b>	<b>- total</b>	<b>259</b>	<b>1</b>
<b><i>One commercial policy</i></b>			
Property	- commercial	050	1
Boiler and machinery		270	1
Liability		429	1
<b>TOTAL</b>		<b>599</b>	<b>2</b>

**Page 60.25 – Column 04 – Number of Direct Claims**

Number of direct claims reported during the current fiscal year	Equals	Number of direct claims incurred and reported during the current fiscal year	Plus	Number of direct claims incurred in previous years and reported during the current fiscal year
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**Page 60.35 – Claims and adjustment expenses paid, current year, Liabilities for incurred claims, current year and prior year claims development**

**- Line 599, Column 19**

Liabilities for incurred claims – Current year, reported on line 599 column 19 should equal the sum of the amounts reported on page 20.14, line 799, columns 10, 12 and 16, less the sum of amounts reported on page 20.18, line 599, columns 10, 12 and 16.

**- Line 599, Column 29**

Excess or (Deficiency)	Equals	Undiscounted Liabilities for incurred claims – Prior year end	minus	Net amount paid during the year for claims and adjustment expenses of prior years	minus	Undiscounted Liabilities for Incurred Claims for Prior Years
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**- Line 699 – Out of Canada Liabilities**

This line applies to Canadian insurers only.

This line must include the out-of-Canada portion of unpaid claims and adjustment expenses, which are included in line 599.

**Page 60.45 – Net Ultimate Claims and Adjustment Expenses - Claims Development**

Report actual claims compared with previous estimates of the undiscounted amount of the claims. Claims development disclosure should start with the period when the earliest material claim(s) arose but not required to start more than 10 years before the end of the reporting period. The impact of discounting and risk adjustment for non-financial risk is reported separately on line 210 and 220.

In the year of IFRS 17 adoption OSFI expects current and prior year comparative data to be reported and the rest of the prior year data can be left blank. In the subsequent years going forward prior years data beyond the IFRS 17 comparative data available can be left blank and reported in the year when it becomes available until the ten years of comparative data are generated.

Amounts reported in this schedule should include Portfolio Acquisition/Disposition on insurance contracts (i.e. these amounts are not reported separately).

**- Column 20 - Cumulative Net Claims & Adjustment Expenses Paid**

Cumulative Net Claims & Adjustment Expenses Paid are paid claims and paid adjustment expenses on a net basis.

**- Line 299, Column 30 Net Liabilities for Incurred Claims**

Net Liabilities for Incurred Claims reported should equal the sum of the amounts reported on page 20.14, line 799, columns 10, 12 and 16, less the sum of amounts reported on page 20.18, line 599, columns 10, 12 and 16.

**- Line 310, Column 30 Unpaid Loss and Adjustment Expenses (ULAE)**

The discounted unpaid ULAE, including a provision for risk adjustment is reported on line 310.

**- Line 320, Column 30 Facility and Plan**

The discounted unpaid claims of all automobile pools, including a provision for risk adjustment (e.g. Facility Association, Ontario Risk Sharing Pool and Plan de Répartition des Risques) are reported on line 320.

**Page 60.45 – Line 330, Column 30 Other provisions**

The discounted unpaid claims for all other provisions, including a provision for risk adjustment (e.g. non-material lines of business, nonautomobile industry pools and inter-company reinsurance) are reported on line 330.

**Page 60.60 – Remaining CSM from Insurance Contracts Estimated At The End Of The Year**

For insurance contracts other than those to which the premium allocation approach has been applied.

**Page 60.70 – Effect of GMM Contracts Initially Recognized in the Year**

For insurance contracts other than those to which the premium allocation approach has been applied.

**Page 60.80 – Onerous Contracts**

Losses and reversal of losses on onerous contracts (column 05) as reported on page 20.14 line 230 in column 19 and Loss-recovery and Reversal of Loss-Recovery (column 10) as reported on page 20.18 line 140 column 19 should be allocated, on a best efforts basis by class of business.

SAMPLE

**Pages 60.90 and 60.95 – Discount Rates**

The rate for year “Current >7yr” is a weighted discount rate of the future discount rates for year +8 and beyond.

Cells are to be left blank (i.e. do not enter zero or any value) in the following instances: for classes of insurance that are not written by the insurer; where liabilities have not been discounted; or if the duration of the liabilities is less than the projection years shown in the exhibit.

For each class of insurance, the insurer should provide the current yield curve/discount rate or the equivalent weighted current rate used to present value its fulfilment cash flows. The rates should be expressed as a percentage, limited to one decimal point. The discount rates should be identical to rates used in the Appointed Actuary’s Report. If an equivalent weighted current rate is used by the insurer, then the same rate would be entered for each projection year.

Insurers are also permitted to use blended rates for each duration and relevant line of business.

**Pages 67.40 to 67.70 – Provincial and Territorial Exhibits**

Distribution of insurance revenue, net expenses from reinsurance contracts held and insurance service expenses by province and out of Canada is based on location of risks.

**Classes of Insurance**

For additional information on the classes of insurance, refer to “Section III - Definitions.”

**Pages 67.40 to 67.70 – Provincial and Territorial Exhibits (cont'd)**

**Insurers Licensed in the Province of Quebec**

**– Lines 020-039, 170-199, 280 and 450 – (column 05)**

Insurers licensed in the province of Quebec must not include any amount on these lines.

According to the *Regulation under the Act respecting insurance* (chapter A-32, r. 1), “property insurance” and “boiler and machinery insurance” are defined as follows:

17. Insurance in the “property insurance” class is insurance whereby the insurer undertakes to indemnify the insured against loss of or damage to property, to the extent that the insurance does not cover property that is more specifically covered by another class of insurance.
18. Insurance in the “boiler and machinery insurance” class is insurance providing one or more of the following protections:
  - (1) Insurance whereby the insurer undertakes to indemnify the insured against material loss or damage sustained by the insured by reason of the explosion or rupture of a boiler or any other pressure vessel, including any mechanism, component or accessory incidental to its operation, or material loss or damage resulting from an accident in the course of its operation.

However, sub-categories disclosed on these lines do not exist in Quebec. Insurers are required to include these protections in the class of insurance that represent the nature of the insurance contract.

**Page 67.40 - Provincial and Territorial Exhibits of Insurance Revenue**

**– Line 001 – Licensed (Y/N)**

Insurers must answer “Yes” or “No” in each of columns 01-14, based on whether or not the insurer was licensed in the applicable jurisdiction as at the end of the year of the Annual Return.



**Page 70.10 – Net Expenses from Reinsurance Contracts Held**

Report Allocation of reinsurance premiums and Amounts recoverable from reinsurers for incurred claims by type of reinsurance arrangement and by classes of insurance where insurers should report all significant lines of business written and at a minimum disclose if applicable:

Personal property  
Commercial property  
Aircraft  
Automobile liability  
Automobile Personal Accident  
Automobile Other  
Boiler and Machinery  
Liability  
Surety  
Marine  
Accident and Sickness

Insurers should report only the total for Effect of changes in non-performance risk of reinsurers on line 89 column 14.

**Page 70.21 - Summary of Intragroup Reinsurance Contracts Issued and Held**

This page is designed to collect information related to business that is pooled among related entities who are a party to a pooling business. Institutions are to include registered and unregistered related insurers with whom they have reinsurance pooling or participation arrangements.

**Pages 70.50 and 70.60 – Reinsurance Contracts Held Summary –  
(Registered/Unregistered Reinsurance)**

**Registered and Unregistered reinsurers:** Refer to Section III – Definitions.

Identify amounts only at the reinsurer counterparty level, not at a contract level; therefore for each reinsurer, total the amounts of all contracts held with that reinsurer and group them into one total for each row.

**Pages 70.50 and 70.60 - Column 1 – Name of Assuming Insurer**

The complete legal name of the reinsurer to which the insurer has a counterparty exposure. The counterparty name should be reported exactly as per the signed contract.

For business ceded to Facility Association Risk Sharing Pool (RSP) insurers should report the name of the assuming insurance company as "Facility RSP".

**- Column 02, 04, 06 and 08 – Rating agency identifier code**

The unique rating agency identifier used by AM Best, S&P or other rating agencies.

Enter for all rating agencies that rate the assuming insurer.

If unrated enter "1" in column 08.

**- Column 10 – Reinsurer domicile**

The domicile where the reinsurer counterparty is legally incorporated.

Use the 2 letter International Standard country codes defined in [ISO 3166](#) (International Organization for Standardization).

**- Column 12 - Reinsurer Group Domiciliary Jurisdiction**

The domicile where the ultimate incorporated insurance group owning the reinsurer counterparty is legally incorporated. If the counterparty does not belong to a group, leave this column blank.

Use the 2 letter International Standard country codes defined in [ISO 3166](#) (International Organization for Standardization).

**- Column 14 – Business covered**

Underlying class of insurance risk reinsured. E.g. Property, Auto, Surety etc.

For reinsurers completing this column, Out of Canada business should be classified as Out of Canada.

**Pages 70.50 and 70.60 - Column 16 – Type of contract**

Type of reinsurance contract using the following two letter codes:

- FA – Facultative
- XS – Excess of loss
- QS – Quota share
- SU – Surplus
- SL – Stop loss

**- Columns 50, 52, 54, 59, 62, 72, 74 and 79**

Net expenses from reinsurance contracts held reported on pages 70.50 and 70.60 in column 59 should correspond to the amount reported on page 20.22, line 120, column 01.

Total Liabilities for remaining coverage and for incurred claims reported on pages 70.50 and 70.60 in column 79 should correspond to the amount reported in the Liability Roll Forward (page 20.18) line 599, column 19.

**Column 24 - Reinsurance Receivable**

Include all receivables, net of allowance for doubtful accounts, on paid losses and paid loss adjustment expenses.

**- Column 26 - Reinsurance Payable**

Include funds, other than those for collateral purposes held in the insurer's bank account.

**Page 70.60 – Reinsurance Contracts Held Summary: Unregistered Reinsurance**

**- Columns 32 to 39 – Reinsurance Collateral**

Only non-owned deposits that are held in a RSA are to be included in column 32. Other acceptable non-owned deposits held outside an RSA are to be reported in column 34.

Deposits of reinsurers that are not owned by an insurer shown in columns 32, 34 and 38 are not to be reported on the balance sheet.

Non-owned deposits held on behalf of an unregistered assuming insurer must be valued at market value as at the end of the reporting period, including the amount of investment income due and accrued respecting these deposits.

**Page 70.60 - Columns 32 to 39 – Reinsurance Collateral (cont'd)**

**For federally regulated insurers:**

Non-owned deposits can be reported in column 32 only where a valid and enforceable security interest has been obtained through the establishment of a reinsurance security agreement (RSA) in respect of the unregistered reinsurance.

Refer to OSFI's [Guidance for Reinsurance Security Agreement](#) and the [MCT Guideline](#) for non-owned-deposits held as security from unregistered assuming insurers further details.

**For provincially incorporated insurers where the reinsurance security agreement (RSA) regime does not apply:**

Complete only in cases where a special trust account under the control of the primary regulator has been established with a Canadian trust company in respect of the unregistered reinsurance under a trust agreement prescribed by the regulator.

**- Column 36 – Reinsurance Collateral – Funds Held**

Reinsurance premiums withheld by the ceding company as specified in the reinsurance contract (for example, funds held equal to the unearned premiums and loss reserves), or advances from the reinsurer to the ceding company for the payment of losses.

**- Column 38 – Reinsurance Collateral – Letters of Credit**

For additional information on LOCs, refer to "[Section V](#) - Jurisdictional Requirements."

P&C insurers should refer to General Guidelines for Use of Letters of Credit available on OSFI's [website](#).

**Page 70.90 – Reinsurance Interrogatories**

**– Line 01 – Changes in Reinsurance Arrangements**

“Significant changes” would include items such as:

- a change in the type of reinsurance (for example, from proportional to excess of loss);
- a change in the make-up of reinsurers (for example, from registered to unregistered);
- a change in the level of protection provided by reinsurance (for example, a change in surplus lines, a change in catastrophe cover, reinsurance not placed or layers not covered);
- a change in reinstatement provisions; and
- any other change that could affect the insurer’s overall financial condition.

**– Line 02 – Portfolio Transfer or Commutation of Treaty**

Insurers are required to provide details as of the date of the transaction. The details should be embedded into the special Excel file. The detail provided should include the type of portfolio transfer as well as the actual transfer date.

**– Lines 03, 04 and 05**

Questions 03, 04 and 05 provide an outline of the insurer’s catastrophe reinsurance program. Insurers should provide details based on the program that is in place at the filing date.

**– Line 03 – Upper Limit of Catastrophe Program**

Upper limit or total limit of the catastrophe program reflects the amount above which there is no reinsurance protection, e.g. catastrophe coverage of \$350 million excess of \$20 million would have an upper limit of \$370 million.

**– Line 04 – Attachment Point for Catastrophe Coverage**

The attachment point is the amount that is retained before catastrophe coverage applies to the first loss.

**– Line 05 – Amount of Retention within the Catastrophe Coverage Layers**

The retention within the catastrophe coverage refers to any portion of the program that is not 100% placed above the attachment point.

**Page 70.90 – Line 06 – Gross Estimated Catastrophe Exposure**

The gross estimated catastrophe exposure, net of any non-catastrophe coverage, is considered to be the higher of a single catastrophic event within the 95<sup>th</sup>- to 99<sup>th</sup>-percentile range or the reserving probable maximum loss (PML) for earthquake as described in the *Earthquake Exposure Data Form* in accordance with OSFI's [Guideline B9 - Earthquake Exposure Sound Practices](#) and AMF's [Earthquake Exposure risk management guideline](#)

**– Line 07 – Net Retained Loss**

The net retained loss considers the attachment point for the catastrophe program and any retention within the identified gross estimated catastrophe exposure as defined in line 06.

**– Line 08 – Catastrophe Coverage(s) Reinstatement Cost**

This question identifies the full cost of a catastrophe to the insurer. Insurers should provide details based on the program and policies in place at the time of filing.

Based on the gross estimated catastrophe exposure defined in line 06, insurers should indicate their reinstatement cost for a full year under their catastrophe reinsurance programs.

The reinstatement cost would be based on the catastrophe coverage(s) that would be impacted within the identified catastrophe exposure.

**– Line 09 – Catastrophe Program Specific to Canadian Operations**

A catastrophe program that is specific to the Canadian operations would provide coverage only for the Canadian insurer(s). The yes/no response should be based on the program in place at the time of filing.

**Page 70.90 - Summary of non-traditional methods of risk mitigation issued or purchased by insurer or parent for in Canada risk**

All amounts should be reported in \$'000 Canadian Dollars.

**- Columns 03 and 05 – Insurer**

This would consider all non-traditional reinsurance (ILS) contracts specific to the Canadian company or branch for in Canada risk.

**Page 70.90 - Columns 07 and 09 - Parent/Home Office**

This would consider all non-traditional reinsurance (ILS) contracts specific to the parent or home office covering in Canada risk.

**Page 80.15 – Commissions**

Report total Commissions incurred by classes of insurance on line 099, as part of insurance acquisition cash flows as well as all other commissions incurred included in pg. 80.25 “Insurance service and other operating expenses”.

**Page 80.25 – Insurance Service and Other Operating Expenses**

This exhibit should be completed on an incurred basis for all expenses, reporting by type of expense from line 010 to 340 with the total amount presented by insurance service expenses and other operating expenses on lines 420 and 440 respectively.

Insurance service expense reported on page 80.25 line 420 should equal the amount reported on page 20.22 line 110 and Other operating expenses reported on page 80.25 line 440 should equal the amount reported on page 20.22 line 420.

**- Line 010 – Claims and Benefits**

Includes:

- Incurred claims and other insurance service expenses as reported on page 20.14 column 19 line 210 and Adjustments to liabilities for incurred claims as reported on page 20.14 column 19 line 240.

**- Line 050 – Agency (Excluding Commission)**

Includes:

- payments for agents’ licences and signs;
- expense of training agents;
- cost of promotional material, souvenirs, etc., in agent’s name only;
- expense of seminars, conventions and meetings for agents;
- allowances, reimbursements and payments for expenses to agents, brokers and producers other than company personnel and not computed as a percentage of premiums.

**Page 80.25 – Line 060 – Management Fees**

Includes:

- services provided by outside related or non-related management corporations or agencies.

**- Line 090 – Commissions**

Report commissions as part of insurance acquisitions cash flows as well as commissions that do not fall under insurance acquisition cash flows within the boundary of an insurance contract, for example commissions applicable to the asset management business or any other non insurance related commissions.

**- Line 095 – Contingent Commissions**

Report contingent commission as defined in Section III – Definitions.

**- Line 100 – Losses on Onerous Contracts**

Includes:

- Losses and reversal of losses on onerous contracts as reported on page 20.14, column 19, line 230.

**- Line 150 – Occupancy Expenses (including rent, leasing and maintenance)**

Includes:

- furniture and equipment;
- insurance, occupancy;
- postage/courier;
- printing and stationery;
- telephone and other communication costs.

**- Line 180 – Home Office Overhead**

Includes:

- overhead charges levied by the head office of the parent corporation.



**Page 80.25 – Line 190 – Allowance**

Includes:

- allowance for doubtful accounts.

**- Line 200 – Experienced Rate Refund**

Refer to the definition of the term "Experienced Rate Refund" in Section III – Definitions.

**- Line 212 – Interest on Debt**

This line includes interest paid on debt.

**- Line 214 – Other Interest Expense**

This line includes other interest-related expenses.

**- Line 216 – Other Finance Costs**

This line includes other finance costs that does not include interest expense.

**- Line 220 – Other General Expenses**

Includes:

- any expenses not included above.

**Page 80.35 - Other Income**

**- Line 010 – Service Charges**

Report only service charges to policyholders. Insurers that do not identify service charges separately or are not permitted to do so should continue to include these service charges as part of Insurance revenue through cash flows premiums received for insurance contracts providing that those service charges are identified as non-distinct services to the insurance contract.

**Page 80.35 - Line 020 – Income (Loss) from Ancillary Operations**

This line applies to Canadian insurers only.

There are three datapoints to be completed on this line: current (column 01), prior (column 03) and expenses on income(loss) from ancillary operations (column 04).

**- Line 060 – Gains (Losses) from Fluctuations in Foreign Exchange Rates**

Gains or losses should be shown on line 060 unless gains or losses are included with the actual revenue or expense items to which they relate, for example, the payment of certain claims.

**- Line 100 to 130 – Other Income**

Includes any expenses not included above.

**Pages 85.40 and 85.45– Insurers Licensed in Quebec (Based on Location of Risk)**

These pages apply to foreign insurers licensed in the province of Quebec only.

Pages 85.40 and 85.45 have been produced by the *Autorité des marchés financiers* (“AMF”) further to amendments to Part XIII of the *Insurance Companies Act*, S.C. 1991, c. 47 (“ICA”), which came into force on January 1, 2010.

As a result of the amendments to the Canadian regulatory framework, foreign insurers must now report only risks insured in Canada in their P&C return. Under Part XIII of the ICA, reporting of regulatory data on a foreign entity’s operations must now be based on the location of the entity’s insurance business rather than the location of risks insured.

The AMF’s supervision of your activities in Québec is based on the definition of “insurer” under section 1(a) of *An Act respecting insurance*, CQLR, c. A-321 (the “Act”). This definition has not been modified. Therefore, the amendments to the ICA do not affect the obligation of foreign entities to comply with provincial requirements.

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1 The Act is available on the AMF website at the following address:  
<http://www.lautorite.qc.ca/en/laws-insurance-deposit-institution-pro.html>

**Pages 85.40 and 85.45– Insurers Licensed in Quebec (Based on Location of Risk)  
(cont'd)**

Section 269 of the Act stipulates that every insurer must maintain adequate assets to guarantee the performance of its obligations in Québec. These pages are intended to ensure compliance with that requirement. They must therefore be completed by all foreign insurers licensed in Québec based on location of risk, and should thus include financial data on all risks located in Quebec, whether insured within or outside Canada. All risks located outside Quebec should therefore be excluded.

Amounts reported on these pages should be based on the legacy Canadian IFRS 4 accounting standard.

**Page 85.40 - Provincial and Territorial Exhibit of Premiums Written**

**- Column 05 - Quebec**

Include risks located in Quebec that have been insured in Canada.

**- Column 18 - Out of Canada**

Include risks located in Quebec that have been insured outside Canada.

**- Line 99 – Dividends - Direct**

Dividends must be reported on a direct incurred basis.

**Page 85.45 – Premiums Written (policies with a term of more than 12 months)**

Complete page 85.45 if insurer has written, during the current year or in a prior year, policies for a term of more than 12 months. The data reported on page 85.45 must include:

- for policies for a term not exceeding 12 months: total premiums for policies written during the current year;
- for policies for a term of more than 12 months: only the portion of premiums applicable to the twelve months during the current year;

**- Column 05 - Quebec**

Include risks located in Quebec that have been insured in Canada.

**Page 85.45 - Column 18 - Out of Canada**

Include risks located in Quebec that have been insured outside Canada.

**Page 90.15 - Out of Canada Operations**

This page applies to Canadian insurers only.

**Pages 92.10 to 95.20 – Non-consolidated Financial Statements and Schedules**

These pages (except page 93.30) apply to Canadian insurers only.

Insurers are required to fill out these schedules on a non-consolidated basis in accordance with applicable accounting standards and return instructions, with the exception of life insurance subsidiaries, which should be accounted for using the equity method.

The table below references the applicable instructions for the following return pages:

Schedule	Reference instructions
Page 92.10	Page 20.10
Page 92.11	Page 20.11
Page 92.22	Page 20.22
Page 92.12	Page 20.12
Page 92.14	Page 20.14
Page 92.16	Page 20.16
Page 92.18	Page 20.18
Page 92.40	Page 20.45
Page 92.42	Page 20.42
Page 93.14	Page 60.25

**Pages 92.10 to 95.20 – Non-consolidated Financial Statements and Schedules (cont'd)**

Page 93.35	Page 60.35
Page 93.65	Page 60.45
Page 94.10	Page 67.40
Page 94.20	Page 67.50
Page 94.30	Page 67.60
Page 94.40	Page 67.70
Page 95.10	Page 70.10

**Page 93.30 – Provincial and Territorial Exhibit of Premiums Written**

Distribution of premiums written by province and out of Canada is based on location of risks. This page continue to be required by the provinces in order to calculate premium taxes. Amounts reported on this page should be based on the legacy Canadian IFRS 4 accounting standard.

This page applies to Canadian and Foreign insurers.

**Classes of Insurance**

For additional information on the classes of insurance, refer to “Section III - Definitions.”

**Facility, Facility Association (FA), FA Risk Sharing Pool (FARSP) and Plan de répartition des risques (P.R.R.)**

The Facility, the FA, the FARSP and the P.R.R. of the Groupement des assureurs automobiles are distinct organizations with similar functions.

Premiums transferred to the insurer, according to the allocation made by the Facility or the P.R.R., are to be entered on Line 87 – Reinsurance Assumed.

**Facility, Facility Association (FA), FA Risk Sharing Pool (FARSP) and Plan de répartition des risques (P.R.R.) (cont'd)**

Premiums relating to automobile insurance policies transferred to the Facility or to the P.R.R. are to be entered on Line 88 – Reinsurance Ceded.

FA's Residual Market transactions are to be entered on Line 22 to 25.

**Insurers Licensed in the Province of Quebec**

**– Lines 04, 05 and 33 – (column 05)**

Insurers licensed in the province of Quebec must not include any amount on lines 04, 05 and 33.

According to the *Regulation under the Act respecting insurance* (chapter A-32, r. 1), “property insurance” and “boiler and machinery insurance” are defined as follows:

17. Insurance in the “property insurance” class is insurance whereby the insurer undertakes to indemnify the insured against loss of or damage to property, to the extent that the insurance does not cover property that is more specifically covered by another class of insurance.
18. Insurance in the “boiler and machinery insurance” class is insurance providing one or more of the following protections:
  - (1) Insurance whereby the insurer undertakes to indemnify the insured against material loss or damage sustained by the insured by reason of the explosion or rupture of a boiler or any other pressure vessel, including any mechanism, component or accessory incidental to its operation, or material loss or damage resulting from an accident in the course of its operation.

However, sub-categories disclosed on lines 04, 05 and 33 do not exist in Quebec. Insurers are required to include these protections in the class of insurance that represent the nature of the insurance contract.

**– Line 99 – Dividends - Direct**

Dividends must be reported on a direct-incurred basis.

**Page 99.10 – Canadian Affidavit Verifying Annual Supplement Return**

Insurers should refer to “Section V - Jurisdictional Requirements.”

Each filed copy of page 99.10 must bear the original signature of everyone who is required to sign and kept within company records. Please refer to Section II for instructions on how to embed objects within the special Excel file.

**Pages 99.11 and 99.15 – Foreign Affidavits Verifying Annual Supplement Return**

The affidavit on page 99.11 is to be signed by the insurer's Canadian Chief Agent.

The affidavit on page 99.15 is to be signed by the President/Chief Executive Officer of the company and filed with the P&C return; if it is not possible for the affidavit to be filed with the P&C return, it must be filed within 30 days of the date that the P&C return is due.

Each filed copy of pages 99.11 and 99.15 must bear the original signature of everyone who is required to sign and kept within company records. Please refer to Section II for instructions on how to embed objects within the special Excel file.

Where an affidavit makes reference to the company’s insurance business in Canada, the word “business” refers to an activity carried on in Canada and is not limited to risks located in Canada. For a discussion of which risks are considered insured in Canada, and therefore form part of the company’s insurance business in Canada, please consult Advisory 2007-01-R1, [Insurance in Canada of Risks](#), available on OSFI’s website.

**Page 99.16 - Certification**

Each filed copy of the certification must bear the original signature of everyone who is required to sign and kept within company records.