

SECTION IX

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Northwest Territories & Nunavut

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Prince Edward Island

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Québec

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The following definitions and examples of expense items refer to the expenses to be reported on Page 80.20 of the Annual Return:

Line 50 Salaries and employee benefits

- regular salaries and wages of employees
- overtime payments to employees
- billing for clerical help from outside bodies such as Office Overload
- payments to employees that are in the nature of profit sharing, whether for a particular branch's profits or overall group profits
- employer contributions:
 - to employee pension plans (government and private)
 - to unemployment insurance
 - to workers compensation insurance
 - to medicare and employees group life plan
- other taxes contributed by the insurer and dependent upon salaries and wages
- net cost of coffee and other beverage or food vending machines (cost of operation of cafeteria to be shown separately under appropriate expense accounts - salaries, equipment, etc.)
- medical fees during employment (distinguish between employment and underwriting)
- expense of gatherings, outings and entertainment for employees other than for business or travel
- dues and subscriptions to accounting, actuarial, legal and underwriting societies (excluding investment clubs or societies)
- education costs
- bonuses and awards to employees for educational courses
- other expenses in the nature of employees welfare benefits

Line 52 Directors' Remuneration

- fees and allowances to directors for attending at meetings

Line 54 Agency (Excluding Commission)

- 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

Line 60 Management Fees

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

Line 62 Professional Fees

- public accountants' fees and expenses for special audits and for regular examination of insurer financial returns
- fees and expenses of public accountants (or others) relating to tax consultations and assistance
- legal fees and expenses (excluding matters relating directly to specific claims)
- fees of collection agencies for collecting delinquent accounts (whether a flat fee or calculated as a percentage of collections)
- expenses of an "ad hoc" committee
- other fees for work of a professional nature such as that done by management consultants or consulting actuaries

Line 70 Occupancy (including Furniture and Equipment, Insurance, Occupancy, Postage/Courier, Printing and Stationery, Telephone and Other Communication Costs)

Furniture and Equipment

- depreciation
- rental
- payments under rental purchase agreement
- service contract charges covering maintenance
- cost of repairs, maintenance and overhaul

Line 70 Occupancy (including Furniture and Equipment, Insurance, Occupancy, Postage/Courier, Printing and Stationery, Telephone and Other Communication Costs) (cont'd)**Insurance**

- fidelity and surety bond premiums covering employees
- insurance premiums on owned or rented premises and contents
- premiums for employees life insurance where company is beneficiary
- premiums on any other insurance (except automobile) maintained to cover company losses of whatever nature

Occupancy

- rent of home office, branch offices and service offices
- rent of safekeeping, storage and warehouse space
- escalations re taxes and maintenance
- other rent for space not mentioned above (exclude all rental of equipment, furniture, fixtures and automobiles)
- charges for cleaning of premises by outsiders, under service contracts or otherwise
- cost of cleaning and supplying sanitary supplies, towels and uniforms
- cost of hardware supplies, such as electric lamp replacements for building maintenance
- payment for heat, light, power, water and gas in leased or owned premises
- cost of repairs, renovations and alterations in owned or rented premises (excluding salaries and wages of personnel)
- expenses related to the transfer of an office from one location to another including packing and transportation
- all taxes levied by municipalities (including business taxes)
- depreciation on owned premises
- depreciation on leasehold improvements to rented premises
- all other expenses of an occupancy nature

Postage and Courier

- cartage charges, freight bills
- air express bills
- courier delivery service charges
- payment to Receiver General for postage machine usage
- purchase of postage stamps, postage machine rentals
- post office box rentals

Line 70 Occupancy (including Furniture and Equipment, Insurance, Occupancy, Postage/Courier, Printing and Stationery, Telephone and Other Communication Costs) (cont'd)**Printing and Stationery**

- cost of office supplies
- cost of printing supplies and stationery for the operation of the printing department
- cost of forms printed externally
- special sales tax relating to printing and stationery

Telephone and Other Communication

- charges for rental of telephone equipment
- charges for telephone installation costs
- long distance telephone charges
- charges for telegrams, cables and telex
- telex maintenance charges by outsiders for their facilities
- other telephone and communication related expenses

Line 72 Information Technology

- depreciation of E.D.P. equipment
- rentals of E.D.P. equipment
- payments for E.D.P. equipment under a rental purchase agreement
- service contract charges covering maintenance of E.D.P. equipment by manufacturers, office equipment suppliers or others
- repairs, maintenance and overhaul costs of E.D.P. equipment not covered under service contracts
- E.D.P. systems and software (purchase costs, amortization and service fees)
- cost of tapes and disks
- charges for access to and use of off-premises computers owned by outsiders
- charges from industry statistical bodies for specific costs of gathering and distributing statistics
- Facility and Facility Association administration costs and other syndicate type accounts but excluding costs pertaining to Underwriting Pools Operations
- all other E.D.P. and statistical related expenses

Line 74 Inspections and Investigations

- charges for character and credit reports, including reports on employees
- cost of financial reports from credit associations
- charges for drivers' abstracts
- cost of other mercantile reports
- medical fees relating to underwriting
- costs of maps, plans and surveys for underwriting purposes
- charges for microfiche used for underwriting
- inspections and engineering costs by outside bodies billed specifically
- costs of certificates of compliance for inspections

Line 76 Bureaus and Associations

- assessments, fees and charges of underwriters' boards, rating organizations, inspection bureaus, audit bureaus, statistical agencies and claim associations, except when relating specifically to conventions and meetings
- specific payments to boards, bureaus and associations for revisions, filers, rating plans and experience data

Line 78 Home Office Overhead

- overhead charges levied by head office of parent corporation

Line 80 Allowance for doubtful accounts

- write-off of uncollectible receivables in their full amount without reduction for collection expenses
- increase/decrease in allowance for doubtful accounts

Line 82 Regulatory Assessments

- statutory assessments by Regulators, including "regular", "special" and "insolvency"
- assessments by PACCIC

Line 88 Other Expenses

Advertising

- directory listing charges
- cost of favours, souvenirs, presents and other promotional material (except in agents' names)
- insurer share of co-operative advertising with agents
- expense of other forms of advertising regardless of media used and specifically mentioning the insurer

Automobile and Travel

- depreciation of vehicles purchased for company use
- fleet rentals
- rental of automobiles for individual trips
- insurance premiums on owned or rented automobiles
- mileage charges by employees for use of their own vehicles
- reimbursement to the company for private use of company car
- gasoline
- automobile registration
- regular and special maintenance bills for such items as oil changes, lubrications, new tires, etc., on all owned or rented vehicles
- garage repair bills
- employees and directors' expenses for travelling (except in process of transfer), including expenditures for hotels, meals and other out of pocket disbursements made while working away from home location
- cost of transportation, hotel, meals and entertainment of guests and clients, club fees
- costs of seminars, conventions and meetings exclusive of those for agents
- meal allowances including supper money
- all other expenses related to automobile and travel

Donations

- charitable donations, whether or not they qualify for deduction under income tax law (but not including donations to employees, their families, their clubs or their associations)

Line 88 Other Expenses (cont'd)

Employee Acquisition

- help wanted advertising
- fees of employment agencies or referral bonus to employees
- medical fees and tests relating to employment
- all other outside expenses relating to hiring including travel costs of prospective employees

Miscellaneous

- bank charges and exchange
- expenses reasonably related to the transfer of an employee from one location to another including such charges as packing household and personal effects, transportation of employee and family, hotel bills and meals of employees and family, personal rent, etc.
- underwriting pools
- charges for a complete range of insurance functions where expenditures are not primarily related to costs of E.D.P. and statistical work
- other expenses of a minor and sundry nature not specifically covered elsewhere

ONTARIO

CONSENT AND NOTIFICATION

(This Consent and Notification is pursuant to the Freedom of Information and Protection of Privacy Act)

LEGAL AUTHORITY FOR THE COLLECTION:

Insurance Act, R.S.O. 1990, c 1,8, s.10216

PRINCIPAL PURPOSE FOR WHICH THE PERSONAL INFORMATION IS INTENDED TO BE USED:

to provide background information for conducting examinations of Insurance Companies and to consult with other regulatory bodies;

to use and disclose such information for purposes which are consistent with the purposes set out in the previous clause.

THE PUBLIC OFFICIAL WHO CAN ANSWER QUESTIONS ABOUT THE COLLECTION IS:

Financial Analyst
Financial Services Commission of Ontario
Licensing and Compliance Division
5160 Yonge Street, 16th Floor, Box 85
North York, Ontario M2N 6L9
Tel.: (416) 226-7863
Fax: (416) 226-7838

CERTIFICATION

I, the Chief Agent, hereby certify that any agents or brokers listed in the said form have been notified of the collection of information on amounts due from them and that individuals listed in said form have been notified of filing of information with respect to their address and citizenship and that shareholders listed in the said form have been notified with respect to the filing of information with respect to their names, location, total par value and amount paid for shares. The individuals about whom the information has been collected have also been notified of the aforementioned legal authority for the collection, the purpose for which the personal information is intended to be used and the title, business address and business telephone number of the public official who can answer the individual's questions about the collection.

Company: _____

Chief Agent: _____

Signature of Chief Agent

Date: _____

Reserved for a future Appendix

Insurers are encouraged to make the breakdown of the "Property" class of insurance to Property - Personal, Property - Commercial and Property - Total on the basis used in reporting to the I.B.C. Personal Lines and Commercial Lines Statistical Plans.

Property - Personal would include such classifications as habitational property and multi-peril policies, including residential contents of buildings such as apartments, rooming houses, motels, manufacturing and mercantile buildings and the liability exposure of personal package policies issued with indivisible premiums. This line would include fire policies, householders contents and homeowners personal risks, residential burglary and theft and special residential glass coverages. Casualty coverages such as personal liability for bodily injury would not be included in this category.

Property - Commercial would include all commercial property and multi-peril policies, but would exclude all separate classes of insurance as defined by Regulators (i.e. lines 10 through 70 of exhibits showing classes of insurance in the Annual Return). To the extent that insurers are issuing commercial package policies with liability exposure as part of an indivisible premium, these should be allocated to the Property - Commercial subclass with an appropriate footnote to the exhibits (such as "includes package policies written on indivisible premium basis").

The following definitions and explanations are intended to serve as guidelines. Insurers are reminded that most jurisdictions have statutory definitions for classes of insurance.

(i) *Home-Owner's and Similar Policies*

The total of premiums and claims for multi-risk or multiperil insurance, including the liability portion, should be reported under the appropriate property breakdown.

(ii) *Nuclear Risk Insurance*

The physical damage portion must be classed as property and the third party liability portion as liability.

(iii) Automobile Insurance

Except for automobile insurance transacted in Quebec, insurers are requested to report under three subclasses for the coverages in the standard automobile insurance policy form:

Liability	- Section A
Personal Accident	- Section B
Other	- Section C (include Section D for Ontario)

In Quebec the standard automobile insurance policy form applies as follows:

Liability	- Chapter A
Personal Accident	- Endorsements #34, #34A, #78 and #78A
Other	- Chapter B and all other endorsements

(iv) Warranty Insurance

Warranty insurance written in Alberta is to be reported under Boiler and Machinery.

The pages of the Interim Return contain the same datapoints as the corresponding pages of the Annual Return. The Annual Return Filing Specifications contained in Appendix (g) are therefore also applicable to the Interim Return with two modifications: the File Name and the Validation Report.

File Name

The last digit of the eight-digit file name should be replaced with "1", "2" or "3" indicating the 1st, 2nd or 3rd Quarter. For example: the File Name for the First Quarter of 2003 would be: CD567031.NUM.

Validation Report

The report for the Interim Return is the same as the Annual Return with the exception of three datapoints. For example:

Validation Report (P&C-2 Interim)	
ABC Insurance Company	
This report has been generated from the following data file:	
Data file name ----»	CD567081
Data created ----»	13/05/2008
Datapoint	Amount
20108901	\$\$\$
20202901	\$\$\$
20205901	\$\$\$
20308901	\$\$\$
30408901	\$\$\$
30800901	\$\$\$
30808901	\$\$\$
60208904	\$\$\$
60208911	\$\$\$
70398902	\$\$\$

Contents:

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Introduction

These Annual Return Filing Specifications have been prepared to give detailed technical guidance to insurers and software vendors in developing systems for capturing Annual Return data for filing with Regulators.

The Specifications were designed initially for electronic filing by diskette or CD-Rom; however, they may be expanded later to include electronic filing through communication networks.

The Specifications define the characteristics of the data to be submitted and have been designed to be as generic as possible.

The American Standard Code for Information Interchange (ASCII) is used as the data representation standard. Those familiar with systems will know that ASCII can be generated by spreadsheet-based systems and by systems developed in more traditional mainframe or microcomputer-based programming environments.

Specific guidelines on how to transmit files to Regulators are also included in the Specifications.

The Specifications refer to the detailed set of Crosscheck formulae provided in the software package or on OSFI's website. These formulae are to be used as the minimum number of tests within Annual Return preparation software to pre-validate data before the file is submitted.

The Specifications are subject to revision and improvement. Any queries or suggestions should be addressed to the Regulatory Information Division of your Primary Regulator listed in Appendix (a) of Section IX.

Defining Various Forms of Data

The current Annual Return form (P&C-2) consists of **numeric data** in many different formats: whole numbers; amounts rounded to thousands; decimals; ratios and percentages. In addition there is **text data** and **Yes/No answers** to questions. All data, including the required text data and Yes/No answers, will continue to be included in the hard copy Annual Return; diskette/CD-Rom filing or electronic filing via a secure means provided by their Regulator of numeric and text data is a supplement to the complete hard copy Annual Return.

The **data representation standard** used is ASCII (see previous page). Data can be assembled in ASCII format from either spreadsheets or other data processing applications.

These Specifications require that:

- a) The data reporting **file** (the complete set of data recorded on the **file**) consist of ASCII Standard Delimited Format ("SDF") fixed-length **records**;
- (b) The **file** be given a unique file name, as described under File Naming and Record Layout (see next page), to identify the insurer and the year of reporting;
- c) Each **record**, consisting of a **datapoint address** and a **numeric amount or text**, follow the record layout described under File Naming and Record Layout (see next page);
- d) Each **datapoint address** contained in a record be defined using the common three-element system:

pppp(page) / **ll**(line) / **cc**(column)
(see examples under File Naming and Record Layout).

As illustrated under File Naming and Record Layout (see next page), all numeric and text data will be represented in the file in the same formats as prescribed in the Instructions for completing the forms (i.e., figures rounded to thousands should be represented in thousands; ratios to two decimal places should be represented as such, dates should be in the dd/mm/yyyy format etc.). Negative figures in the data will be represented in the file with a leading minus sign.

Note: one "inside datapoint" is located on the Statement of Income, Page 20:30:
20306005 "Income Taxes on Extraordinary Items"

File Naming and Record LayoutFile Naming

The file(s) containing the datapoints that are to be reported will have a file name unique to the insurer and the period reported on, as follows:

First digit - Primary Regulator

OSFI	"C"	Newfoundland & Labrador	"F"	Yukon	"Y"
Quebec	"Q"	Nova Scotia	"N"	N.W.T.	"T"
Ontario	"O"	New Brunswick	"W"	Nunavut	"U"
Manitoba	"M"	P.E.I.	"P"		
Alberta	"A"	Saskatchewan	"S"		
B.C.	"B"				

Second to fifth digit - A unique number assigned by the Primary Regulator that identifies the insurer. Insurers will be provided with their unique numbers by their Primary Regulator.

Sixth and seventh digits - the last two digits of the **year** (e.g., in the year 2003: "03").

Eighth digit - **For Annual Returns, a sequence code** to be used in the event of more than one filing for the same period (e.g., a revision to previously submitted data). Default value would be "A". The first revision (amended filing) would be coded "B", the second revision "C", etc.

- **For Interim Returns, a sequence code** indicating the first ("1"), second ("2"), or third ("3") quarter.

Extension - the Annual Return **TEXT** file will be separate from the **NUMERIC** file; the files will be distinguished by the extensions: **.TXT** and **.NUM** respectively. For insurers using the PricewaterhouseCoopers software, the extensions are automatically added when the ASCII files are created.

Example (i) **"CD56703A.TXT"**

This file name refers to a federally registered insurer regulated by OSFI (C). Its unique number, assigned by OSFI is **D567**, the filing year is **2003**, and this is the initial filing (sequence code: **A**); and this file contains text, as defined for Section 10, only.

File Naming and Record Layout (cont'd)

Example (ii) **"CD56703A.NUM"**

This file name refers to a federally registered insurer regulated by OSFI (C); its unique number, assigned by OSFI is **D567**; the filing year is **2003**; this is the initial filing (sequence code: **A**); and this file contains numeric data (**NUM**) only.

Example (iii) **"CD56703B.NUM"**

This file name refers to the same federally registered insurer (**D567**) filing an amended (**B**) Annual Return for 2003, with numeric data (**NUM**) only.

Record Layout - numeric data

The file is to be made up of ASCII Standard Delimited Format fixed length records, each record consisting of a datapoint address and an associated, right justified numeric amount. The layout of each record, including the **field location, length and information** about each field is as follows:

Location	Length	Information
1 - 4	4,N*	Page Number (Annual Return page number)
5 - 6	2,N	Line Number (Pre-printed line number)
7 - 8	2,N	Column Number (Pre-printed column number)
9 - 23	15(2)**N	Amount reported in the Annual Return. (All amounts must be recorded with two decimal places. Dollar amounts, including those already rounded to the nearest thousand, must end with ".00" as in the first and second examples below. A leading minus sign will designate negative amounts, as in the second example below. Default value should be ""0.00").

* " N " indicates "numeric only".

**"(2)" indicates "two decimal places".

Examples of record layout:

Page				Line		Column		Amount														
01	02	03	04	05	06	07	08	09	10	11	12	13	14	15	16	17	18	19	20	21	22	23
2	0	1	0	0	4	0	1								2	7	5	0	6	.	0	0
2	0	4	5	1	2	0	1								-	6	2	4	9	.	0	0
3	0	8	0	9	0	0	1										1	7	2	.	2	3
6	0	2	0	8	9	1	2											7	8	.	8	4

Record Layout - text data

There are 513 datapoints in Section 10 (only) of the Annual Return to be included in the text data file. Unless pre-printed otherwise, all text other than postal codes is designated as column 01. All postal codes are column 03. On Page 10.50, "Address of Chief Agent" is column 02.

The file is to be made up of ASCII Standard Delimited Format fixed length records, each record consisting of a datapoint address and associated text. The layout of each record, including the **field location, length and information** about each field is as follows:

<u>Location</u>	<u>Length</u>	<u>Information</u>
1 - 4	4,N*	Page Number (Annual Return page number)
5 - 6	2,N	Line Number (Pre-printed line number)
7 - 8	2,N	Column Number (Pre-printed column number)
9 - 10	2,N	Blank fields
11 - 120	110,T	Text reported in Section 10 (only).

* "N" indicates "numeric only"; " T " indicates "text only".

On a line by line basis, the ASCII data must appear the same as the hard copy.

Examples of record layout:

Page				Line		Column		Text														
01	02	03	04	05	06	07	08	09	10	11	12	13	14	15	16	17	18	19	20	21	22	...
1	0	1	0	0	1	0	1			3	1	/	1	2	/	1	9	9	6			
1	0	1	0	0	2	0	1			A	B	C		I	N	S	U	R	A	N	C	E
1	0	1	0	0	4	0	3			M	5	J	-	2	V	6						
1	0	4	0	2	0	0	1			Y												
1	0	4	0	2	1	0	1			A	B	C		G	R	O	U	P		W	A	S

Crosscheck Routines

To benefit fully from receiving data on **files**, Regulators must be assured that the data are tested by a set of crosscheck routines.

These tests should be designed to ensure that, as a minimum, the relationships of datapoints provided in the **software package or on OSFI's website** are tested.

Insurers who generate annual returns from their internal systems or from purchased commercial software, should ensure that these tests are included as an integral part of the return generation programs.

File Submission

The procedures for submitting a **file** to the Regulator are as follows:

The **file** is to be sent with the hard copy on or before the due date prescribed for the filing of the Annual Return. The **file** should be well protected in special-purpose diskette **or CD-Rom** shipping packaging.

The **file** must be clearly labelled with the name of the insurer, the year being reported on, the name of the file, the date the file was created and the name and telephone number of a contact person.

Suggested label: FOREIGN Insurance Company - 2007
File: CD56707B
Date: 28/02/2008 Phone: (416) 737-1010
Contact: I.M. Able

File Transmittal Form

A "**File Transmittal Form**" (in the format of Appendix (h) in Section IX of these Instructions) is to be completed and submitted with the **data** filed with the primary Regulator and any other Regulators who may request a copy of the **file**.

Document Filing Checklist

This report lists other annual regulatory documents that have been enclosed with the diskette filing.

Validation Report

This report is also to be submitted with the **ASCII file** and transmittal form (see next page).

Validation Report

A **Validation Report** containing a pre-selected sample of datapoints must be generated and printed at the same time that the **ASCII file** is produced and filed.

The purpose of this report is to give Regulators initial assurance that the **file** has been produced from the same data used to generate the hard copy.

Insurers are asked to ensure that the printing of this report is incorporated into the programs written to generate the **file**.

The validation report is to be filed in the format below:

Validation Report (P&C-2)	
ABC Insurance Company	
This report has been generated from the following data file:	
Data file name	----»CD56707B.NUM
Data created	----»28/02/2008
Datapoint	Amount
20108901	\$\$\$
20202901	\$\$\$
20205901	\$\$\$
20308901	\$\$\$
30408901	\$\$\$
30800901	\$\$\$
30808901	\$\$\$
60108904	\$\$\$
60208904	\$\$\$
60208911	\$\$\$
60308908	\$\$\$
60405212	\$\$\$
60435412	\$\$\$
70398902	\$\$\$
80208906	\$\$\$

Name of Insurer _____ Year _____

Return Type: P&C-1 P&C-2
Annual
Interim / quarter: 1st 2nd 3rd

Contact Person _____ Telephone # (____) _____

Title _____ Facsimile # (____) _____

Email address _____

Software Vendor _____ Version Number _____

For Annual Returns only, if this is not the first time that an **ASCII file** is being filed for this Return period, please indicate if it is the:

first revision "B" second revision "C" third revision "D"

If a revised **file** is being submitted, please enclose a printed hard copy of each changed page with the changed datapoints highlighted.

Is the Validation Report attached? (If not, please explain).

The undersigned hereby certifies that, according to the best of his/her knowledge and belief, the datapoint amounts contained in this **ASCII file** are:

1. the same as those contained in the hard copy of the Annual/Interim Return (also enclosed) or (for jurisdictions accepting Interim Returns on **file** only);
2. may be used to create an Interim Return that presents fairly the financial position of the Insurer as at _____ and the results of its operations for the ___ months then ended in accordance with generally accepted accounting principles and statutory provisions that were applied in the preparation of the most recent Annual Return that the Insurer filed with its Canadian Insurance Regulator(s).

Name _____

Title _____

Date _____ Signed _____

Introduction

The Annual Return Instructions are generally applicable to most aspects of the Interim Return.

The Instructions that follow are intended to cover only those features unique to the Interim Return. If additional information or assistance is required, the applicable Regulator should be contacted at the address listed in Appendix (a).

Filing Deadlines / Requirements

The Interim Return is to be completed and filed with the applicable Jurisdiction (Regulator) on or before the due dates as follows:

<u>Jurisdiction (Regulator)</u>	<u>Hard Copy Required</u>	<u>File Required</u>	<u>Insurer/Reinsurer*</u>	<u>Period Ended</u>	<u>Due Date</u>
Federal	No	One	Federally registered Insurers and reinsurers	Jan 31/Mar 31 Apr 30/June 30 July 31/Sept 30	Within 45 days Within 45 days Within 45 days
Quebec	One	One	Insurers licensed in Quebec, except reinsurers*	June 30	Aug 15
Quebec	One	One	Reinsurers* licensed in Quebec	June 30	Sept 30

**Insurers whose certificates of registry are limited to reinsurance*

Standard Format

Insurers are to complete the latest printed version of the Interim Return approved by the Canadian Council of Insurance Regulators or similar computer-generated pages that conform in appearance, size and content (where required), together with a **file** (where required). (See pages IX(f)-1 and IX(g)-6 for Filing Specifications and Filing Deadlines / Requirements.)

The Interim Return includes the following pages:

Cover page ...	Certification (hard copy)
Page 20.10 ...	Assets
20.20 ...	Liabilities and Head Office Account
20.30 ...	Statement of Income
20.45 ...	Head Office Account; Reserves
20.47 ...	Comprehensive Income (Loss) and AOCI (Loss)
30.40 ...	*Minimum Excess Assets over Liabilities (Quebec)
30.45 ...	*Required Margin on Net Unearned Premiums (Quebec)
30.47 ...	*DPAE & Unearned Commission Adjustment (Quebec)
30.80 ...	Branch Adequacy of Assets Test (BAAT)
30.81 ...	BAAT: Margin Required for Assets
40.07 ...	Summary of Investments
60.20 ...	Premiums and Claims - Total
67.10 ...	Premiums Written
67.20 ...	Premiums Earned
67.30 ...	Claims Incurred
70.35 ...	**Reinsurance Ceded to Unregistered Insurers - including Marine
70.39 ...	Reinsurance Ceded to Unregistered Insurers - excluding Marine
80.10 ...	Commissions

** Only Insurers that are required to file an Interim Return with Quebec are to complete these pages. All other insurers should not file hard copies of pages 30.40, 30.45, and 30.47.*

*** Complete only if licensed in a Province that regulates Marine business.*

The **name of the insurer** and the **date of the return** should be printed on every page.

Certification: Cover page (hard copy) / **File Transmittal Form**

The **certification** must be signed by the Chief Agent, or by a senior financial officer whose name would normally appear on Page 10.10 of the Annual Return, preferably the chief financial officer who could be contacted if a Regulator has any questions about the Interim Return.

Generally Accepted Accounting Principles (GAAP)

The Interim Return should be prepared in accordance with GAAP and with the statutory provisions that were applied in the preparation of the most recent Annual Return that the insurer filed with its Canadian Insurance Regulator(s).

Comparative Amounts

Wherever applicable, comparative amounts for the equivalent period ending in the previous year must be entered in the "prior" column.

Note: On page 20.45, the prior period amounts entered on lines 01 and 89, column 02, are the beginning of year and end of period balances, respectively. Thus, unlike the Annual Return, line 01, column 01 is not equal to line 89, column 02.

Quebec Exhibits (Pages 30.40, 30.45 and 30.47)

These pages are to be completed only by **Insurers Licensed in Quebec**.

The words "current year" and "preceding year" in the note at the bottom of page 30.45 are to be understood as periods of 12 months ending as at the date of the Interim Return.

The Quebec exhibits are only to be included in Interim Returns filed with Quebec.

Additional Filings/Detail

The frequency of reporting referred to in these Instructions (semi-annual, quarterly) may be increased for certain insurers, depending on circumstances. Insurers will be advised directly by Regulators who require additional reporting and/or detail.

In general, the margin required for unearned accident and sickness insurance premiums is calculated by applying a factor to annual Earned Premiums. The factor varies with the length of the premium guarantee remaining.

The margin required for unpaid accident and sickness insurance claims is calculated by applying a factor to the Unpaid Claims experience relating to prior years. The factor varies with the length of benefit period remaining.

The following worksheet may be used to calculate the margin requirement to be entered on line 22 of page 30.80. This worksheet does not need to be filed with the regulator, although the regulator may ask for details supporting the figures used to arrive at the margin required figure reported.

For further clarification, P&C insurers should consult OSFI.

Branch Adequacy of Assets Test – Margin Required for A&S Business

Worksheet – Margin Required: Accident and Sickness Business
(\$000)

(thousands of dollars)

	01	02	03
	Earned Premiums	Factor	Margin
A. Unearned Premium Margin			
(i) Disability Income Insurance			
Length of premium guarantee remaining		12.0%	
Individually underwritten < 1 year		20.0%	
1 – 5 years		30.0%	
> 5 years		12.0%	
Other < 1 year		25.0%	
1 – 5 years		40.0%	
> 5 years		Note	
(ii) Accidental Death and Dismemberment			
		12.0%	
(iii) Other Accident and Sickness Benefits			
Total Unearned Premiums Margin			

	01	02	03
	Unpaid Claims Relating to Prior Years	Factor	Margin
B. Unpaid Claims Margin			
(i) Disability Income Insurance			
Duration of Disability < 2 years			
Length of benefit period remaining			
< 1 year		4.0%	
1 – 2 years		6.0%	
> 2 years		8.0%	
Duration of Disability 2 - 5 years			
Length of benefit period remaining			
< 1 year		3.0%	
1 – 2 years		4.5%	
> 2 years		6.0%	
Duration of Disability > 5 years			
Length of benefit period remaining			
< 1 year		2.0%	
1 – 2 years		3.0%	
> 2 years		4.0%	
(ii) Accidental Death and Dismemberment			
		Note	
(iii) Other Accident and Sickness Benefits			
		10.0%	
Other adjustments			
Total Unpaid Claims Margin			

Note: Contact OSFI or refer to the MCT Guideline, as appropriate (details will be added to the Instructions in 2004).

Branch Adequacy of Assets Test – Margin Required for Structured Settlements, Letters of Credit, Derivatives and Other Exposures

The margin required for structured settlements, letters of credit, derivatives and other exposures is calculated in a manner similar to the on-balance sheet assets in that the credit risk is multiplied by a counterparty risk factor to arrive at the capital required.

However, unlike most assets, the face amount of structured settlements, letters of credit, derivatives and other exposures does not necessarily reflect the amount of the credit risk. To approximate this credit risk, the face amount/cost of the instrument, net of any collateral or guarantees, is multiplied by a credit conversion factor. The credit conversion factor differs depending on the type of instrument: Structured Settlements (50%); Letters of Credit (financial 100%, performance 50%); Derivatives (100%); and Other Exposures (0% where the commitment less than 1 year; 50% where the commitment is 1 year or more and draw down is uncertain, 100% for other items).

The determination of the counterparty risk categories and the approach for determining the eligibility of collateral and guarantees is the same as it is for other assets.

The following worksheet may be used to calculate the margin requirement to be entered on line 28 of page 30.80. The worksheet does not need to be filed with the regulator, although the regulator may ask for details supporting the figures used to arrive at the margin required figure reported.

For further clarification, P&C insurers should consult OSFI.

**Branch Adequacy of Assets Test – Margin Required for Structured Settlements,
Letters of Credit, Derivatives and Other Exposures**

**Worksheet – Margin Required: Structured Settlements, Letters of Credit,
Derivatives and Other Exposures
(\$000)**

	Possible Credit Exposure (01)	Collateral and Guarantees (02)	Credit Conversion Factor (%) (03)	Margin Factor (%) (04)	Margin Required Col. (01-02)x03x04 (05)
Structured Settlements:					
Government Grade	01		50%	0.0%	
Investment Grade	02		50%	0.5%	
Not Investment Grade	03		50%	4.0%	
Letters of Credit:					
Government Grade	10		Note	0.0%	
Investment Grade	11		Note	0.5%	
Not Investment Grade	12		Note	4.0%	
Derivatives:					
Government Grade	20		100%	0.0%	
Investment Grade	21		100%	0.5%	
Not Investment Grade	22		100%	4.0%	
Other Exposures:					
Government Grade	30		Note	0.0%	
Investment Grade	31		Note	2.0%	
Not Investment Grade	32		Note	8.0%	
Total	99				