



Our File : P1650-7

October 26, 2005

**To: Chief Executive Officers and Chief Agents in Canada,
Federally Regulated Canadian Life Insurance Companies and branches of foreign Life
Insurance Companies**

**From: Jeff Bee
Director, Regulatory Information Division**

Subject: Manual of Financial Reporting Forms and Instructions – 2005

Annual Return - 2005

A year ago, we reminded you that we were making significant changes to the Annual Return that you would be filing as at your 2005 year-end. These changes are the result of the efforts of a Task Force that was established in the fall of 2002, with representation from OSFI, Quebec (Autorité des marchés financiers, formerly IGIF), CompCorp and PricewaterhouseCoopers (re software package), including extensive consultation with CLHIA staff and industry representatives.

The main objectives of the Task Force were:

- a) to update requirements to reflect a contemporary view of the risks of a life company, while recognizing the need to only seek (new) information that is likely already being produced in a well-managed company; and
- b) to lighten, to the extent consistent with discharging regulators' responsibilities, the reporting burden on companies, including harmonization between insurance regulators in Canada.

We believe that the amended Annual Returns, renamed "LIFE-1" (for Canadian companies) and "LIFE-2" (for foreign companies), represent a comprehensive achievement of the Task Force's objectives. While some new data has been added to satisfy regulators' updated requirements, a significant amount of data has been dropped from the OSFI-54 / 55 and the OSFI-85 (Segregated Funds are now included in LIFE-1 / LIFE-2). With Quebec's significant contribution and cooperation, and the participation of the Canadian Council of Insurance Regulators, LIFE-1 is now a harmonized return that will be used by all provinces and territories.

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The “final draft” of the LIFE-1 and LIFE-2 Annual Returns, which were made available on our website in December 2004, were updated to “final” status in July 2005 and may be accessed at www.osfi-bsif.gc.ca under *Life Insurance Companies and Fraternal / Filing Instructions, Returns and Penalties / Financial Returns and Instructions*. A “special” Table of Contents is also available to assist you in a high level comparison of the pages of LIFE-1 / LIFE-2 with those of OSFI-54 / 55 and OSFI-85, including an identification of new pages and pages that have been deleted.

We have been advised by PricewaterhouseCoopers that their software for LIFE-1 is scheduled to be available by the end of October 2005; LIFE-2 should be available by the end of November.

Instructions

The Instructions for LIFE-1 are now available on our Website at www.osfi-bsif.gc.ca under *Life Insurance Companies and Fraternal / Filing Instructions, Returns and Penalties / Financial Returns and Instructions*. The Instructions for LIFE-2 will be posted to our website by mid-November. We had planned to make the Instructions available earlier, but were delayed by unforeseeable circumstances; we apologize for the delay.

Manuals – Binders

We will be sending you a set of replacement covers and tabs for your binder. If you would like more than one set, please call the Regulatory Information Division at (613) 990-1889.

MCCSR / TAAM Forms OSFI-87and OSFI-86

Revisions have been made to the forms for 2005. By the end of October, the revised forms will be posted on our website at www.osfi-bsif.gc.ca under *Life Insurance Companies and Fraternal / Filing Instructions, Returns and Penalties / Financial Returns and Instructions*.

Quarterly Returns - LIFE-1 and LIFE-2

Quarterly Returns for 2006 will adopt the amended format of LIFE-1 / LIFE-2; we plan to post the Quarterly Returns on our website by the end of November 2005.

Additional Information / Questions

If you need additional information, please contact your company's Relationship Manager at OSFI. If you have any questions about filing the **2005** returns, please call the Regulatory Information Division at (613) 990-1889.



Copy to: - Provincial and Territorial Superintendents of Insurance
- Canadian Life and Health Insurance Association
- Auditors of federally regulated Canadian and Foreign Life Insurance Companies