



MEMORANDUM

DATE September 30, 2005

TO Federally Registered Life Insurance Companies and Fraternal Benefit Societies

C.C. Appointed Actuaries of Federally Registered Life Insurance Companies and Fraternal Benefit Societies

FROM Allan Brender, Senior Director, Actuarial Division, Regulation Sector

SUBJECT Memorandum to the Actuary (Life Insurance) 2005

Every year, we update the Memorandum to the Actuary pursuant to Section 667.(2) of the *Insurance Companies Act*. The Memorandum to the Actuary can be found on the OSFI website in English at:

http://www.osfi-bsif.gc.ca/osfi/index_e.aspx?ArticleID=141#memorandum

and in French at:

http://www.osfi-bsif.gc.ca/osfi/index_f.aspx?DetailID=141#Note_actuaire

This year's Memorandum has the following changes as compared to the previous year's version:

- Fine-tuning of some of the requirements;
- A revised opinion of the appointed actuary (Section A.4);
- New reporting requirements for participating sub-accounts (Section F);
- A new required reinvestment interest rate scenario. This is only required for disclosure in the Appointed Actuary's Report (Section B.11.7);
- Disclosure of any finite reinsurance agreements (Section C.10); and
- Disclosure of the margins in segregated fund products for each of fund guarantees and deferred acquisition expenses (Section C.6).

Actuaries are reminded that they should pay special attention to the current low interest rate environment in setting valuation assumptions and DCAT scenarios. Actuaries are also reminded to disclose the investment assumptions and results of the seven required interest rate scenarios in CSOP.

Instructions for submitting the Appointed Actuary's Report to OSFI are shown in Section A.9. Note that for security reasons, the report should not be sent by e-mail.



Should you have any questions, please do not hesitate to contact Helmut Engels at 416-973-8934 or at helmut.engels@osfi-bsif.gc.ca.

A hard copy of this Memorandum can be obtained upon request; please send your request to Eleanor Reubins at 416-973-3680, by fax to 416-952-0664 or to eleanor.reubins@osfi-bsif.gc.ca.

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