



Office of the Superintendent of Financial Institutions Overview of the Actuarial Consultations Findings

In the fall of 2006, OSFI commissioned *The Strategic Counsel*, an independent research firm, to conduct a confidential consultation with insurance companies, to explore perceptions of the current insurance marketplace, of OSFI in general, and of the work of OSFI's actuarial division in particular.

Since 1998, OSFI has commissioned regular consultations with key stakeholders of financial institutions to assess its effectiveness and fulfill its commitment to continuous improvement. The actuarial consultation comprised a series of confidential one-on-one interviews with executives and professionals representing a cross-section of the life and property and casualty insurance companies regulated by OSFI.

The final sample of participants was selected and interviewed by *The Strategic Counsel* independently of OSFI. The report presents the responses in summary form. OSFI does not know what specific organizations said, nor does it have access to interview notes.

The key findings from the actuarial consultation are:

- OSFI is seen to be actively involved in actuarial fora.
- OSFI is viewed as having a constructive relationship with the Canadian Institute of Actuaries (CIA).
- OSFI staff involved in actuarial matters received strong ratings for their knowledge in core areas such as legislation and OSFI guidelines, and CIA Canadian standards of practice.
- OSFI received strong ratings for the clarity of its management letters and the usefulness of its guidance

While OSFI is generally perceived to be effective in the overall discharge of its mandate, some areas for improvement were identified:

- Improving OSFI's ability to deal with emerging actuarial issues of the future.
- Providing greater feedback to companies on the quality and content of required filings.
- Improving the timeliness of delivery of the Memorandum to the Appointed Actuary.
- Broadening communication with the industry about OSFI's international efforts.
- Enhancing the consistency of OSFI's approach to companies of different sizes.
- Increasing the level of expertise and the complement of staff dealing with actuarial matters.

OSFI appreciates the candid feedback that was provided in this consultation. OSFI is developing an action plan to address areas for improvement and will keep industry informed of its progress. Future consultations will monitor OSFI's overall effectiveness and its progress in addressing areas for improvement.

OSFI is the primary regulator of federally regulated financial institutions and federally administered pension plans. OSFI's mission is to protect the rights and interests of depositors, policyholders, pension plan members and creditors of financial institutions. OSFI advances and administers a regulatory framework that contributes to public confidence in a competitive financial system.

For further information about the study methodology, please contact Margaret Percy of OSFI's Communications and Public Affairs Division at (613) 993-0577. For further information about the results, please contact Allan Brender in OSFI's Actuarial Division at (416) 952-1323.





The Strategic Counsel

Ce rapport est également
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REPORT ON ACTUARIAL CONSULTATION

Presented to
The Office of the Superintendent of Financial
Institutions (OSFI)

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Executive Summary / Sommaire

- In 2006 OSFI commissioned *The Strategic Counsel* as an independent research firm to undertake a process of consultation with participants of federally regulated insurance companies, in order to explore perceptions of OSFI and the current insurance marketplace. The final sample of participants was selected, contacted and interviewed by *The Strategic Counsel* independently of OSFI.
- The consultation comprised a series of 64 confidential one-on-one interviews with Appointed Actuaries (AA), CEOs, CFOs, consulting actuaries (Life only), external auditors, top officers of the Canadian Institute of Actuaries (CIA) and OSFI's Actuarial Advisory Committee Chairs.
- The findings cover perceptions of OSFI as they pertain to its:
 - Profile within the insurance community;
 - Strengths and opportunities for improvement;
 - Effectiveness in carrying out its mandate; and
 - Performance as compared with U.S. and U.K. regulators on several issues.
- En 2006, le BSIF a attribué un marché à l'entreprise de recherche indépendante *The Strategic Counsel* pour qu'elle procède à une consultation auprès des intervenants des sociétés d'assurances fédérales dans le but de capter la perception de ces derniers à l'égard du BSIF et du marché des assurances actuel. *The Strategic Counsel* a procédé au choix des participants qui constitueraient l'échantillon final, a communiqué avec eux et a procédé aux entrevues indépendamment du BSIF.
- La consultation consiste en 64 entrevues individuelles confidentielles menées auprès d'actuares désignés (AD), de chefs de la direction (CD), de chefs des services financiers (CSF), d'actuares-conseils (assurance-vie seulement), de vérificateurs externes (VE), de membres de la haute direction de l'Institut canadien des actuaires (ICA) et de présidents des comités consultatifs actuariels du BSIF.
- Les constatations portent sur la perception des participants à l'égard du BSIF en ce qui touche :
 - la visibilité du Bureau au sein de la collectivité des assurances;
 - l'efficacité avec laquelle le BSIF s'acquitte de son mandat;
 - les points forts et les points à améliorer;
 - le rendement du Bureau sur plusieurs questions par rapport à celui des organismes de réglementation des É.-U. et du R.-U.

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Part I: Research Objectives And Methodology

Background

- ◆ OSFI, as the primary regulator of federally administered insurance companies, interacts with participants of federally regulated insurance companies, and professionals who act on behalf of these companies, in order to fulfil its mandate.
- ◆ In 2006 OSFI commissioned *The Strategic Counsel* as an independent research firm to undertake a process of consultation with these stakeholders in order to explore perceptions of OSFI and the current insurance marketplace. The consultation comprised a series of confidential one-on-one interviews with actuaries and professionals representing a cross-section of insurance companies regulated by OSFI.

Objectives

- ◆ The primary objective of the research is to obtain an overall perspective of both OSFI's performance as a regulator of federally regulated insurance companies and the challenges it faces in discharging its mandate.
- ◆ Specific objectives are to investigate perceptions of OSFI as they pertain to its:
 - Profile within the insurance community;
 - Strengths and opportunities for improvement;
 - Effectiveness in carrying out its mandate; and
 - Performance as compared with U.S. and U.K. regulators on several issues.

Methodology

One-on-one interviews

- ◆ Findings reported here are based on one-on-one interviews which were conducted from October through December of 2006.
- ◆ A total of 64 one-on-one interviews were conducted among Appointed Actuaries (AA), CEOs, CFOs, consulting actuaries (Life only), external auditors, top officers of the Canadian Institute of Actuaries (CIA) and OSFI's Actuarial Advisory Committee Chairs.
- ◆ OSFI provided *The Strategic Counsel* with a list of insurance companies that included key contact information for Appointed Actuaries, CEOs, CFOs, and external auditors. OSFI also provided key contact information for CIA top officers, consulting actuaries (Life only), and OSFI actuarial advisory committee chairs.
- ◆ The sample for the one-on-one interviews was drawn from these lists. The final sample of participants was selected, contacted and interviewed by *The Strategic Counsel* independently of OSFI. Interviews were confidential. As such, OSFI does not know who was interviewed.
- ◆ OSFI suggested targets for the number of interviews to be completed by "participant type" (see adjacent table). These targets were met.

Participant Type	Number of Interviews Conducted		
	Life	P&C	Total
Appointed Actuaries	16	16	32
CEOs	4	3	7
CFOs	4	4	8
External Auditors	4	4	8
Life Consulting Actuaries	5	n/a	5
CIA - Top Officers	n/a	n/a	2
OSFI actuarial advisory committee chair	1	1	2
Total	34	28	64

Methodology (continued)

- ◆ Interviews were conducted in-person or by telephone (at the request of the participant or due to the geographic location of the participant). The average interview length was forty-five minutes.
 - The interview guide was sent out to potential respondents in advance of the in-person interviews. This approach was taken to allow respondents the opportunity to consider the questions and consult with their colleagues, if necessary, in advance of the interview.
- ◆ Of the 64 interviews, 54 were completed in English and 10 in French.
- ◆ The following short forms are used in the report to describe various sub-populations of the total sample:

- **“Total”** – reflects all 64 participants in the consultation.
- **PARTICIPANT TYPE**
- **“Appointed Actuaries”** – the total sample of Appointed Actuaries.
- **“CEOs/CFOs/External auditors”** – refers to all CEOs, CFOs and external auditors.
- **“Others”** – refers to consulting actuaries, CIA officers and OSFI Actuarial Advisory Committee Chairs.
- **AREA OF FOCUS**
- **“Life”** – refers to the participants who were pre-identified as Life representatives and includes: Appointed Actuaries, CEOs, CFOs, external auditors, consulting actuaries and the OSFI actuarial advisory Life committee chair.
- **“P&C”** – refers to the participants pre-identified as P&C representatives and includes: Appointed Actuaries, CEOs, CFOs, external auditors, and the OSFI actuarial advisory P&C committee chair.

Methodology (continued)

ANALYTICAL APPROACH:

- ◆ Two analytical approaches are employed for each closed-ended question.
 - The first approach is based on the total sample of participants and the subsample of “Appointed Actuaries” (see Participant Type on previous page).
 - Results for the “CEOs/CFOs/External Auditors” and “Other” groups are not shown separately in this analysis due to the very small sample sizes of participants who answered each of the questions.
 - The second approach is based on “Area of Focus” (see previous page).
 - It should be noted that the combined base of participants in the two categories which compose “Area of Focus” does not equal the total sample of consultation participants (n=64). The Life and P&C categories combined represent 62 participants. This is because the CIA Top Officers were not categorized based on area of focus, and therefore are not included in this analysis.

Methodology (continued)

A NOTE ABOUT NON-RESPONSES

- ◆ For a number of questions, significant proportions of participants did not feel that they had sufficient knowledge to provide an opinion.
- ◆ In these cases, results have been recalculated to exclude those participants who answered “don’t know”, or who did not offer a response.
- ◆ Where such a recalculation has been made it is noted on the graph.

A NOTE ABOUT SMALL SAMPLE SIZES

- ◆ **The sample sizes for this consultation are relatively small.**
- ◆ The small sample sizes allow only limited scope for subgroup analysis. However, where statistically significant or thematically consistent differences occur, they are noted.
- ◆ Unless otherwise noted, the findings reported here emerged consistently across stakeholder groups.
- ◆ Some graphs may add to slightly more or less than 100% due to rounding issues associated with small sample sizes.

A NOTE ABOUT SIGNIFICANCE

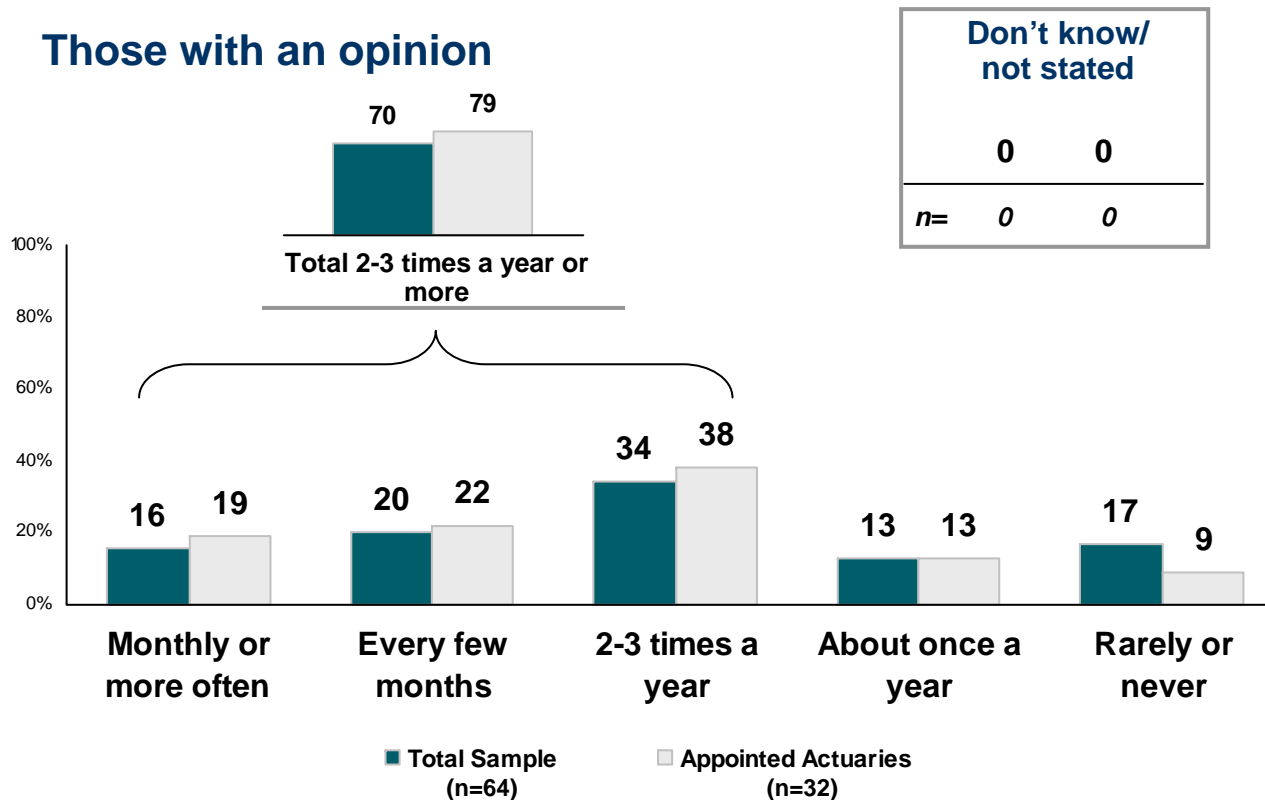
- ◆ Significant differences between groups are based on 95% confidence limits.
- ◆ When a difference is described as “marginal”, it is significant at the 90% confidence limit.

Part II – Context and Familiarity

Q.1 How often do you communicate (e.g., meet, correspond by email, speak on the telephone) with OSFI concerning actuarial matters?

A majority of participants report regular communication with OSFI concerning actuarial matters.

Frequency of Communication

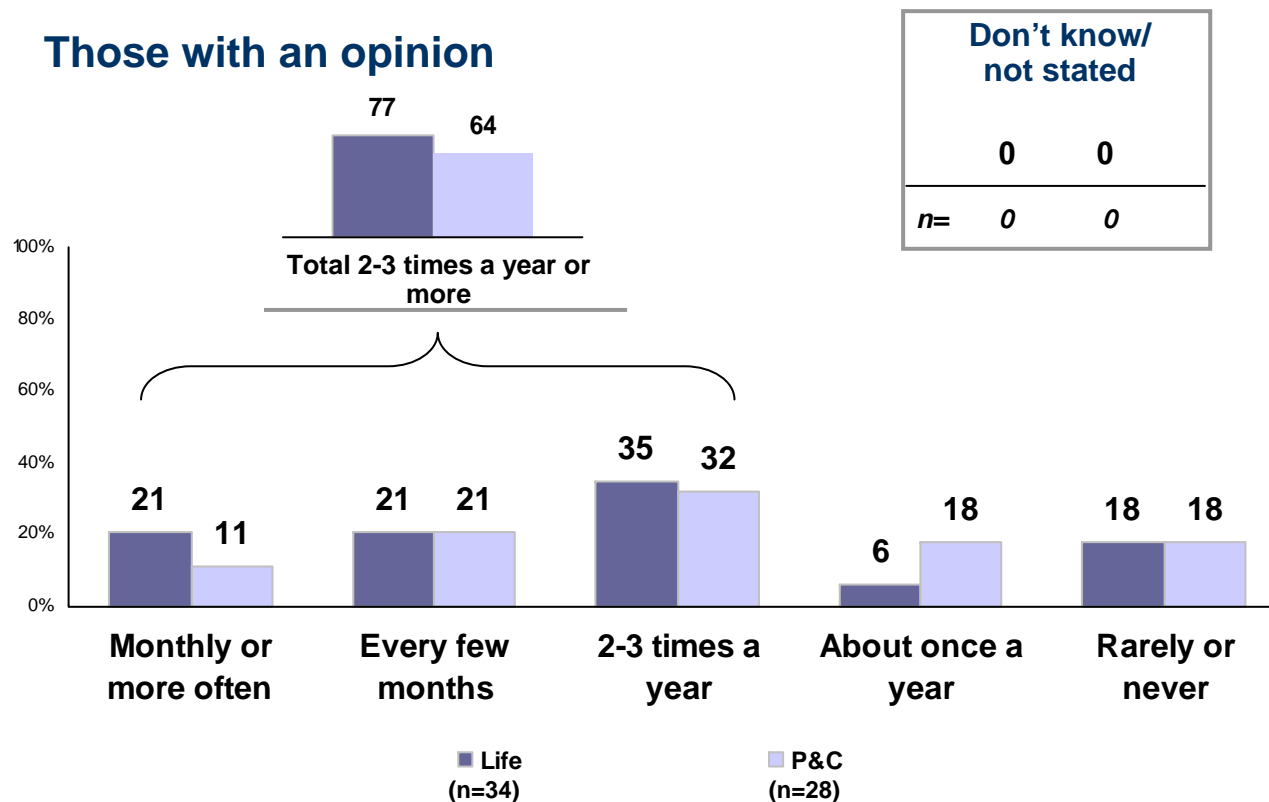


- ◆ Seven-in-ten (70%) participants report communicating with OSFI at least “two to three times a year”.
- ◆ Just over one-third (36%) report more frequent communication (at least “every few months”).
- ◆ Appointed Actuaries are significantly more likely than CEOs/CFOs/ external auditors (79% vs. 51%) to report communicating with OSFI “2-3 times a year or more”.
- ◆ By contrast, CEOs/CFOs/ external auditors (35% vs. 9%) are much more likely than Appointed Actuaries to report “rarely or never” communicating with OSFI. | 10

Q.1 How often do you communicate (e.g., meet, correspond by email, speak on the telephone) with OSFI concerning actuarial matters?

There are no significant differences between Life and P&C participants on this measure.

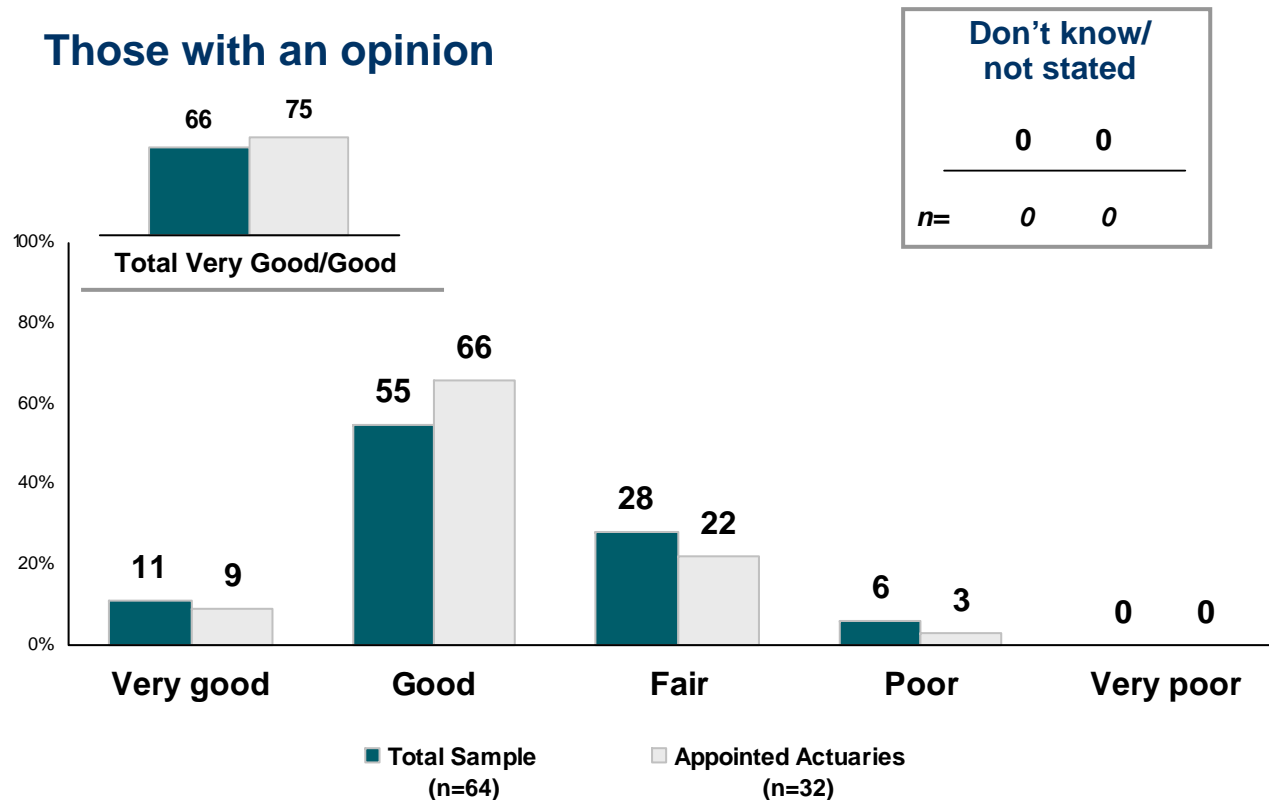
Frequency of Communication



Q.2 Generally speaking, how would you rate your knowledge of OSFI's activities in relation to insurance company actuarial matters?

A majority of participants believe themselves knowledgeable about OSFI's activities concerning actuarial matters.

Perceived Knowledge Level About OSFI's Activities

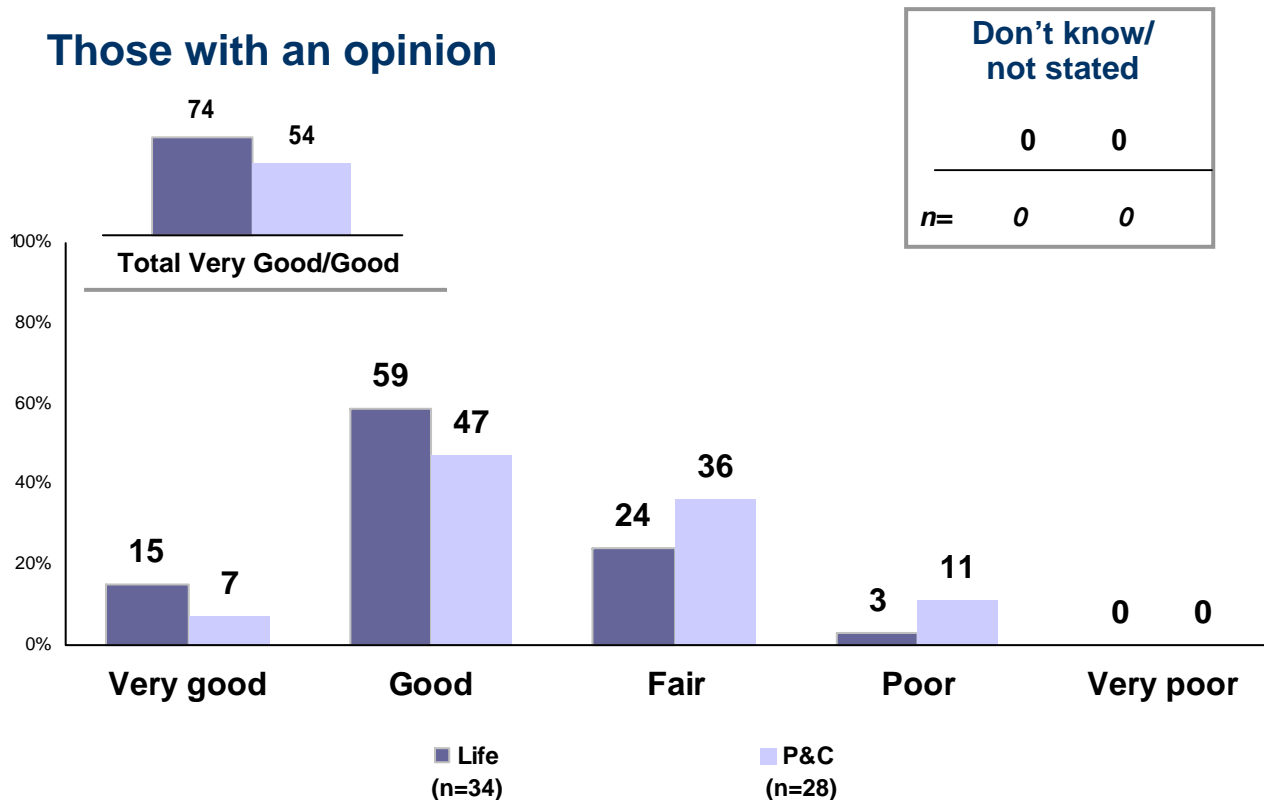


- ◆ Two-thirds (66%) of participants believe that their knowledge of OSFI's activities is "very good" or "good".
- ◆ Appointed Actuaries are much more likely than CEOs/CFOs/external auditors (75% vs. 39%) to rate their knowledge of OSFI as "very good" or "good".
- ◆ By contrast, CEOs/CFOs/external auditors are significantly more likely than Appointed Actuaries (48% vs. 22%) to assess their knowledge as "fair".

Q.2 Generally speaking, how would you rate your knowledge of OSFI’s activities in relation to insurance company actuarial matters?

Life participants are marginally* more likely than P&C participants to report having “very good” or “good” knowledge of OSFI’s activities.

Perceived Knowledge Level About OSFI’s Activities



- ◆ About three-quarters (74%) of Life participants say that their knowledge of OSFI’s activities is “very good” or “good”.
- ◆ By contrast, just over half (54%) of P&C participants report having “very good” or “good” knowledge of OSFI’s activities.
- ◆ Among both Life and P&C participants, the greatest proportion of participants rate their knowledge levels as “good” (59% and 47%).

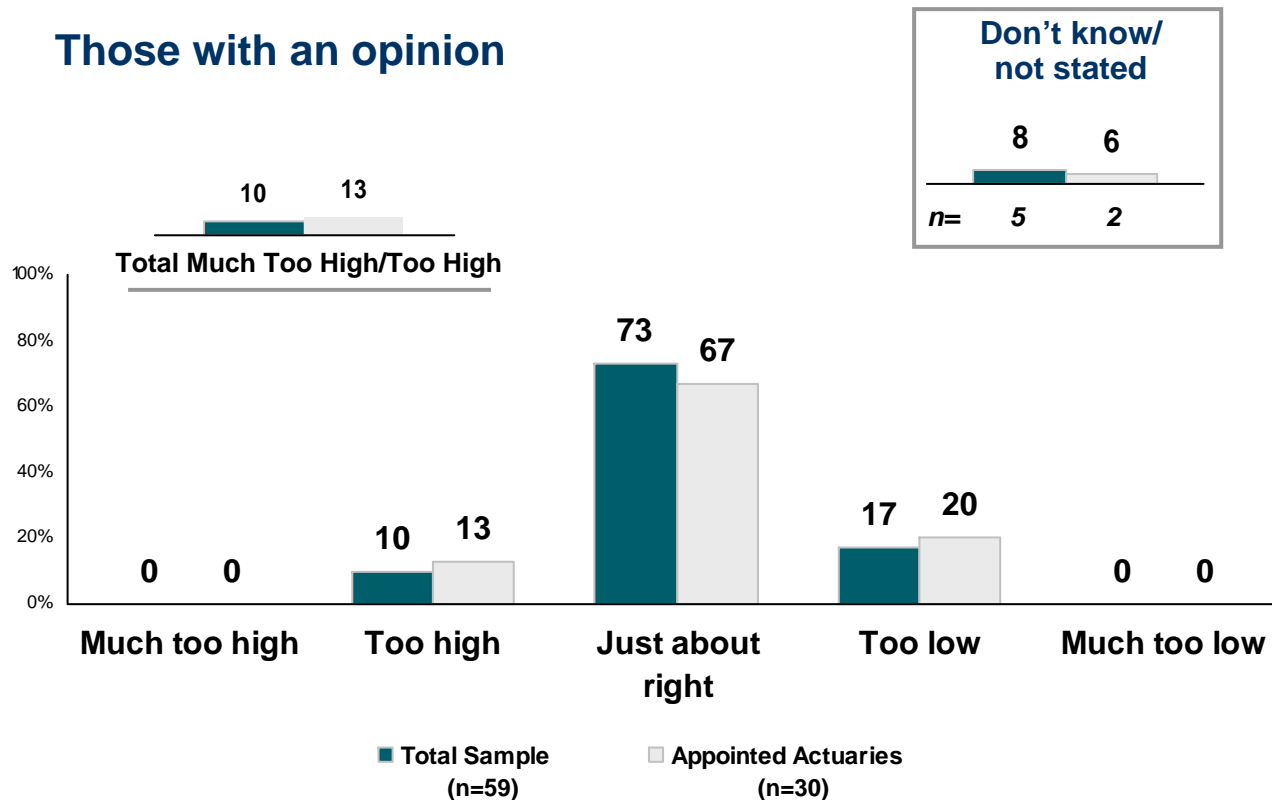
* Refers to a difference at the 90% confidence limit.

Part III – OSFI's Profile and Communications

Q.3 Overall, what do you think of OSFI's profile within the insurance community with respect to actuarial matters?

OSFI's profile within the insurance community with respect to actuarial matters is perceived to be appropriate.

Perceptions of OSFI's Profile Within the Insurance Community

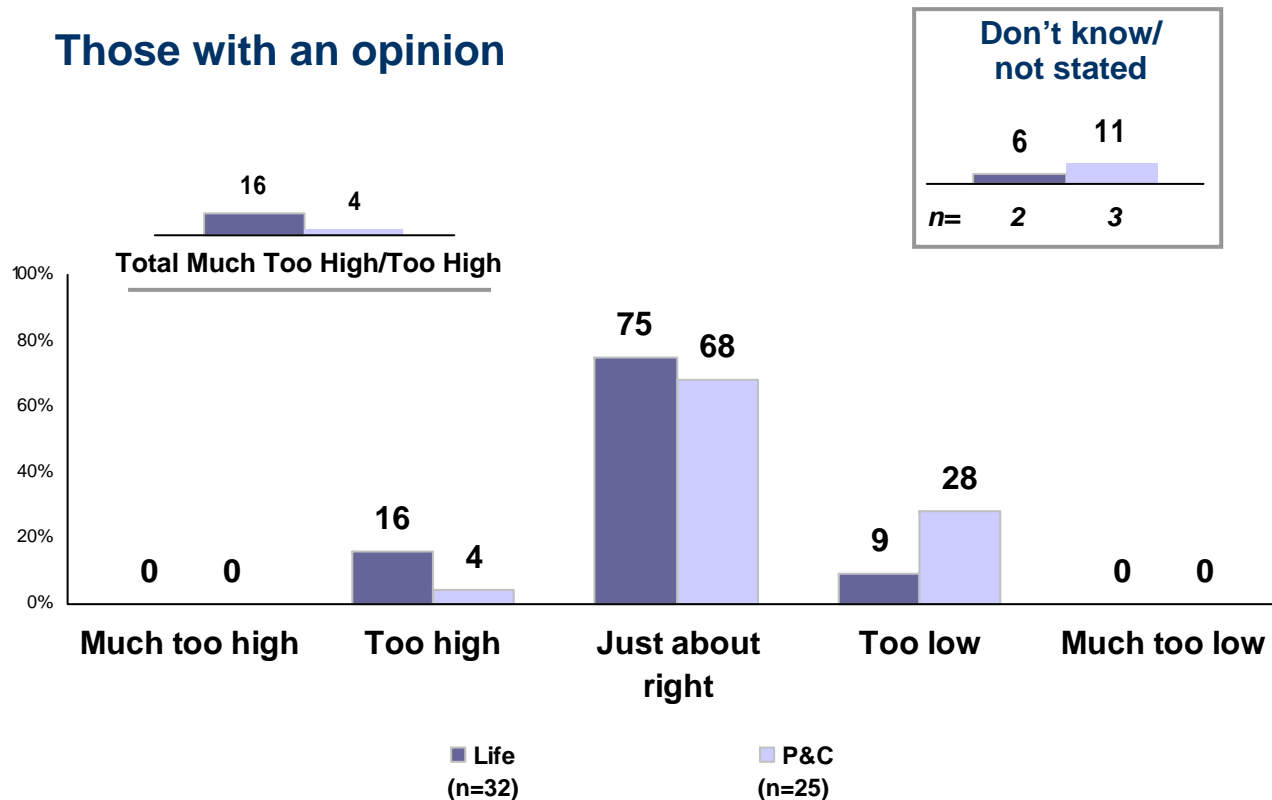


- ◆ Nearly three-quarters (73%) of participants believe that OSFI's profile within the insurance community with respect to actuarial matters is "just about right".
- ◆ The balance of responses are split between ratings of "too high" (10%) and "too low" (17%).

Q.3 Overall, what do you think of OSFI's profile within the insurance community with respect to actuarial matters?

Majorities of Life and P&C participants believe that OSFI's profile within the insurance community is appropriate.

Perceptions of OSFI's Profile Within the Insurance Community



- ◆ The balance of P&C participants are considerably more likely to feel that OSFI's profile is "too low" (28%) than "too high" (4%).
- ◆ By contrast, the balance of Life participants are split in their perceptions of OSFI's profile: "too high" (16%) and "too low" (9%).

Q.3a Why do you offer that response [Q.3]? / Q.3 Overall, what do you think of OSFI's profile within the insurance community with respect to actuarial matters?

OSFI's relationship with the CIA is perceived as a key reason for its profile in the industry.

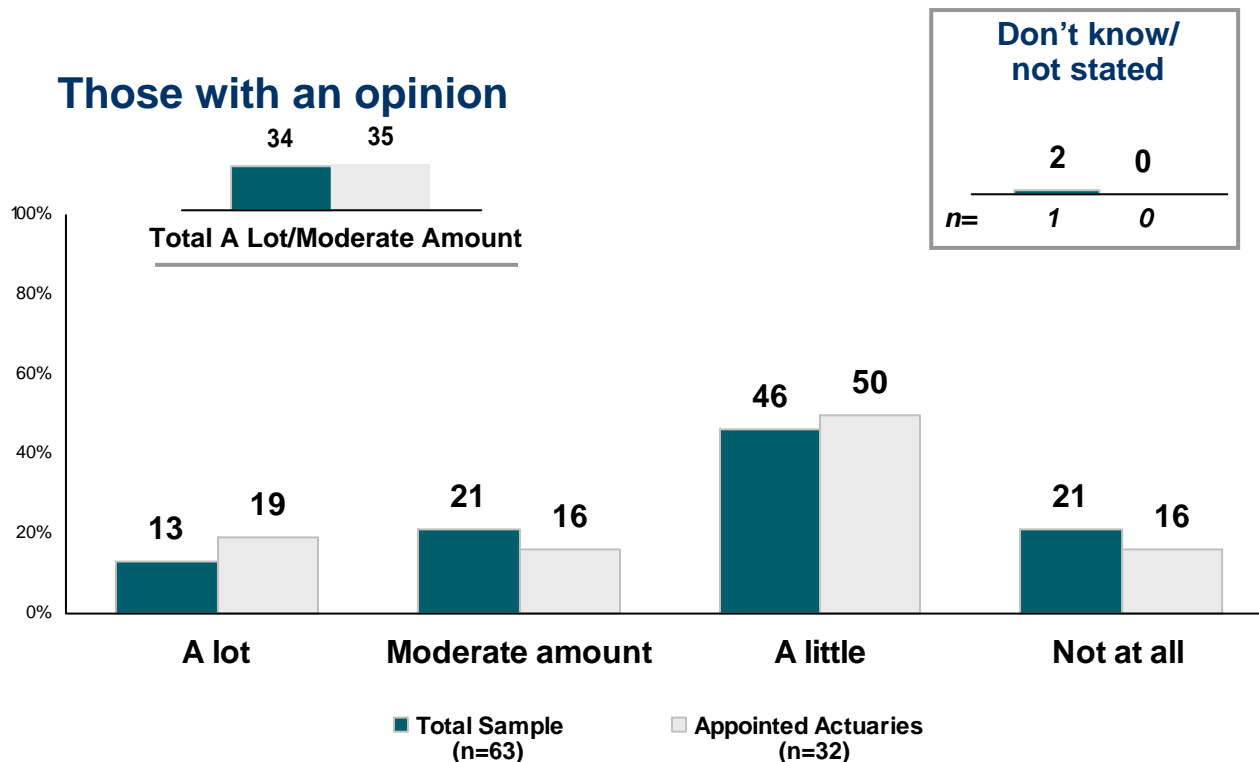
- ◆ The majority of participants rate OSFI's profile within the insurance community, as it relates to actuarial matters, to be "just about right". Analysis of open-ended responses suggests that this rating is driven by:
 - OSFI's Approach to Regulation in the Actuarial Community
 - OSFI is viewed as being balanced in its approach to actuarial matters. OSFI is recognized for raising issues within the actuarial community, trying to deal with emerging issues as they arise, and allowing the actuarial community to regulate itself through the CIA.
 - OSFI's Relationship with the CIA
 - Overall, OSFI's relationship with the CIA is seen as appropriate – OSFI focuses on the regulatory aspects of actuarial practice while the CIA focuses on setting standards of practice.
 - The interaction between the regulator and CIA is often characterized as "open dialogue".
 - OSFI is viewed to have good representation on CIA committees. This is thought to enhance the relationship between the two organizations.

Q.4 Over the past few years, to what extent has OSFI contributed to increasing your awareness of actuarial issues and practices in general?

A significant proportion of participants feel that OSFI has increased their awareness of actuarial issues and practices.

- ◆ Just over one-third (34%) of participants believe that OSFI has contributed at least a “moderate amount” to increasing their awareness of actuarial issues and practices (“a lot” or “a moderate amount”).
- ◆ An additional half (46%) of participants believe that OSFI has increased their awareness of actuarial issues “a little”.
- ◆ Two-in-ten (21%) participants report that OSFI has not contributed to increasing their awareness levels.
- ◆ Appointed Actuaries are marginally* more likely than CEOs/CFOs/external auditors (19% vs. 5%) to report that their awareness levels have increased “a lot”.

Extent to which OSFI has Contributed to Increasing Awareness of Actuarial Issues and Practices



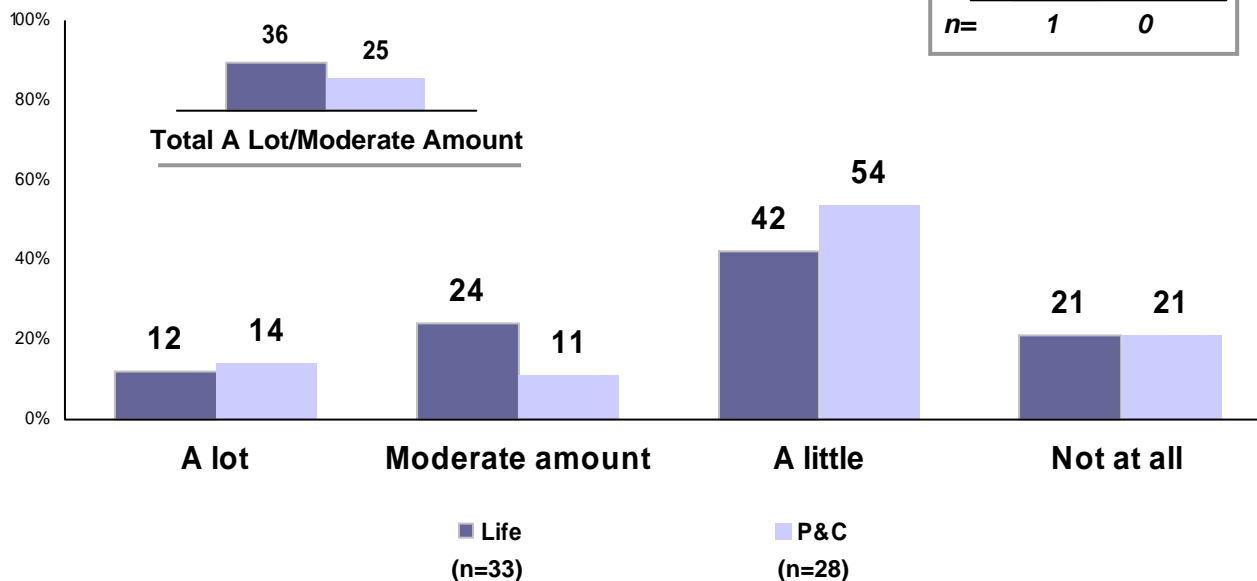
* Refers to a difference at the 90% confidence limit.

Q.4 Over the past few years, to what extent has OSFI contributed to increasing your awareness of actuarial issues and practices in general?

There are no significant differences between Life and P&C participants on this measure.

Extent to which OSFI has Contributed to Increasing Awareness of Actuarial Issues and Practices

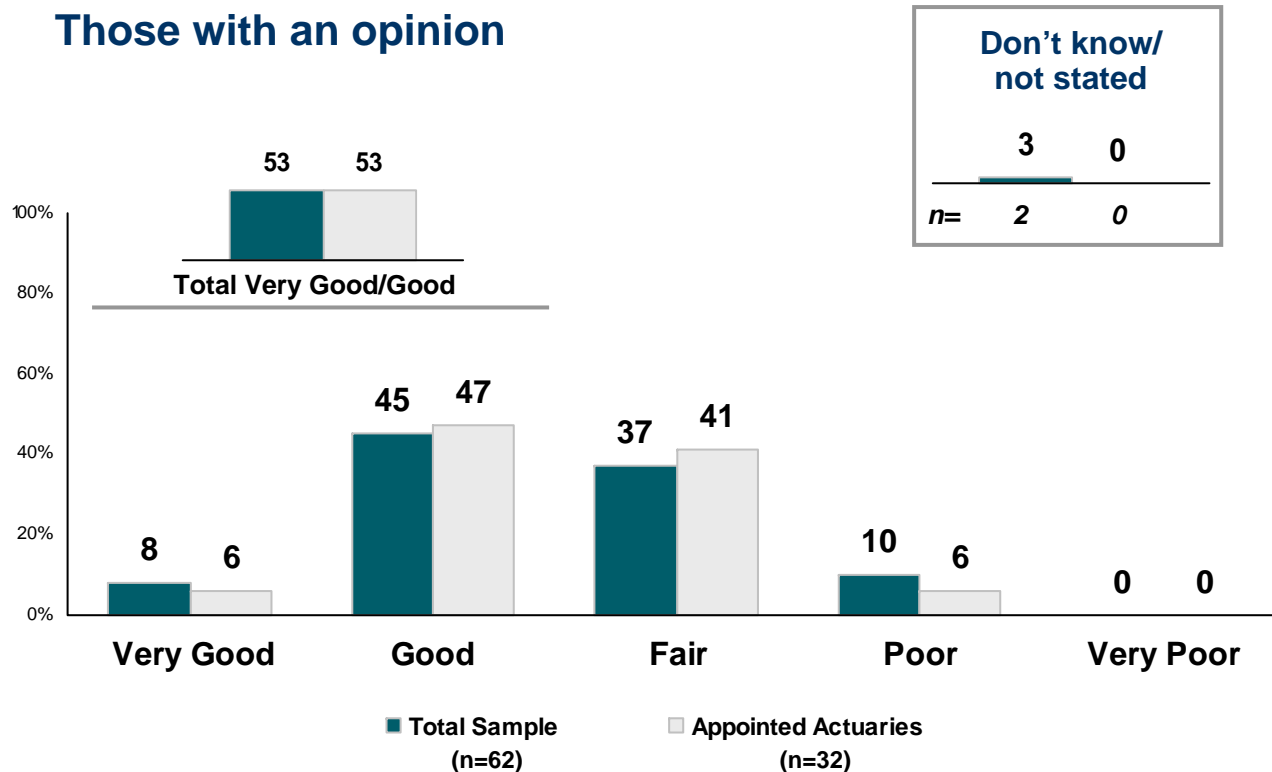
Those with an opinion



Q.5 Overall, that is all things considered, how would you rate the quality of OSFI’s communications with the insurance industry pertaining to actuarial matters?

A majority of participants provide positive ratings of the quality of OSFI’s communications with the insurance industry.

Impressions of the Quality of OSFI’s Communications with the Insurance Industry

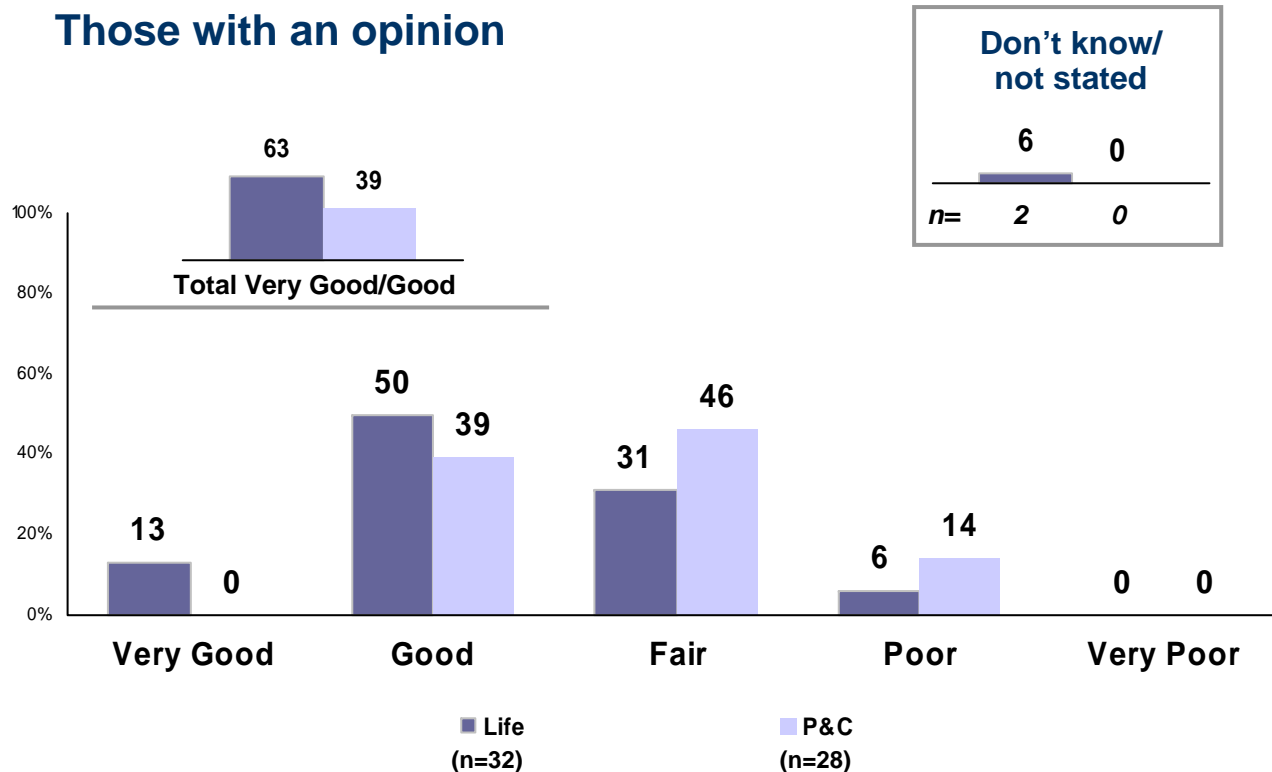


- ◆ Just over half (53%) of participants believe that the quality of OSFI’s communications with the insurance industry is “very good” or “good”, the majority of whom provide a rating of “good” (45%).
- ◆ A significant proportion (37%) of participants provide a rating of “fair” on this measure.

Q.5 Overall, that is all things considered, how would you rate the quality of OSFI’s communications with the insurance industry pertaining to actuarial matters?

Positive ratings of OSFI communications are marginally* higher among Life participants than P&C participants.

Impressions of the Quality of OSFI’s Communications with the Insurance Industry



- ◆ Life participants are marginally* more likely than P&C participants (63% vs. 39%) to feel that OSFI’s communications with the insurance industry pertaining to actuarial matters are “very good” or “good”.
- ◆ Moreover, ratings of “very good” on this measure are significantly higher among Life participants than P&C participants.

* Refers to a difference at the 90% confidence limit.

Q.6 What could OSFI do to improve its communications with the insurance industry on actuarial matters?

Providing more timely Appointed Actuary Memorandums and constructive feedback in response to required filings are the main suggestions for improving communications.

- ◆ Responses to this question vary, but tend to cluster around four key themes.
 - Most often identified is the issue of providing timely feedback:
 - Some participants observe that, overall, feedback from OSFI tends to be slow. However, concerns about timing are most often linked to the delivery of the Memorandum to the Appointed Actuary (sometimes referred to as the “fall memorandum”). Delivery of the memorandum is seen to be too late in the year (participants report that it often does not arrive until late October or November) to allow effective integration into company reporting and planning for fiscal year end.
 - Provision of feedback to insurance companies and their actuaries in response to required filings:
 - In order to meet OSFI expectations and ensure efficiencies for insurance companies, some participants suggest that companies would benefit from OSFI’s feedback on their Appointed Actuary Reports (AA Reports), Dynamic Capital Adequacy Testing reports (DCAT) and Peer Review filings. A number specifically mention that OSFI does not acknowledge filings (receipt of documents is not confirmed).
 - Broader interaction and consultation with the industry:
 - There is a perceived need for more consultation with industry participants about the development of guidance and broader directions being pursued within the actuarial and accounting arenas.
 - Sharing of industry trends and best practices is requested in order to help companies hone their own practices and be more efficient in preparing their filings.

Q.6 What could OSFI do to improve its communications with the insurance industry on actuarial matters?

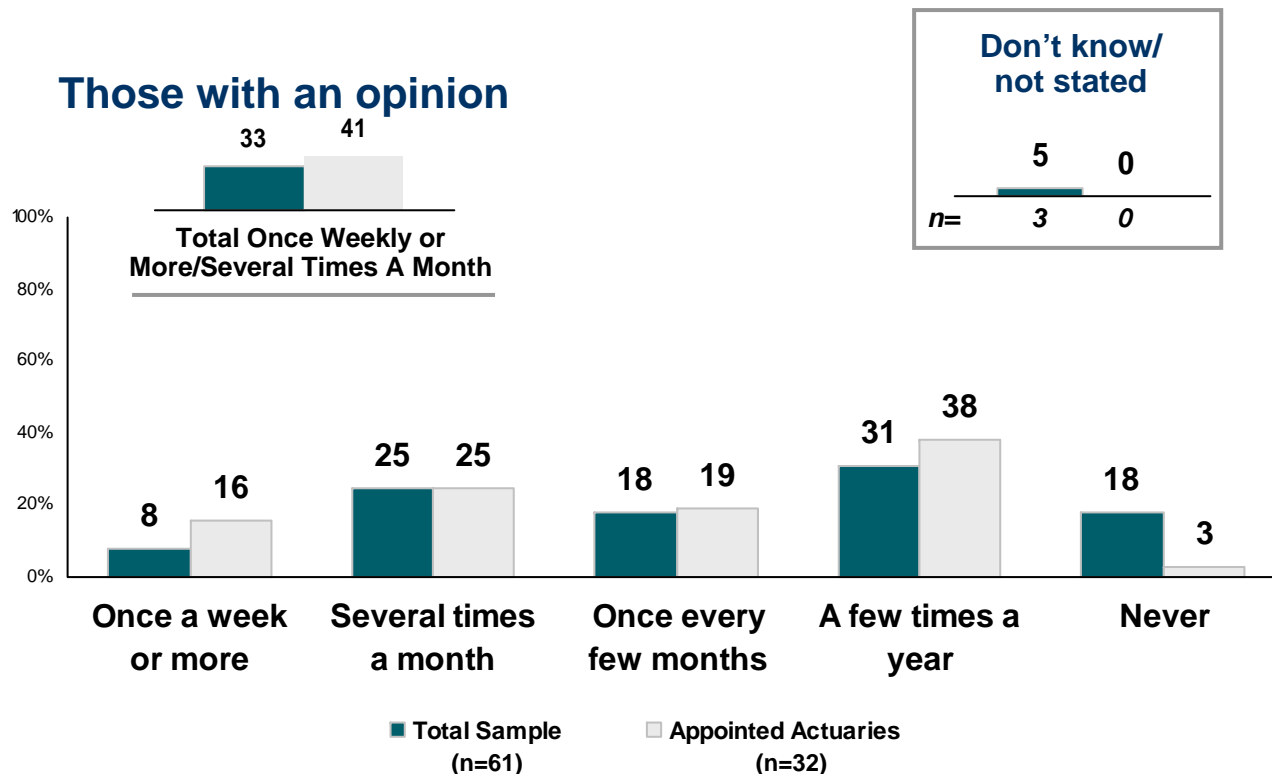
Participants seek clarification of specific guidelines and instructions.

- Participants identified several issues on which they would like OSFI to clarify its guidelines/ requirements:
 - Rules related to the MCCSR Directive 3855
 - Fair Value Accounting practices
 - DCAT preparation – members of the industry are seeking benchmarks and sector scenarios so they can better gauge the parameters they should be using

Q.7 How frequently do you access the OSFI website with respect to actuarial matters?

Participants report moderate use of OSFI's website.

Frequency of Accessing the OSFI Website



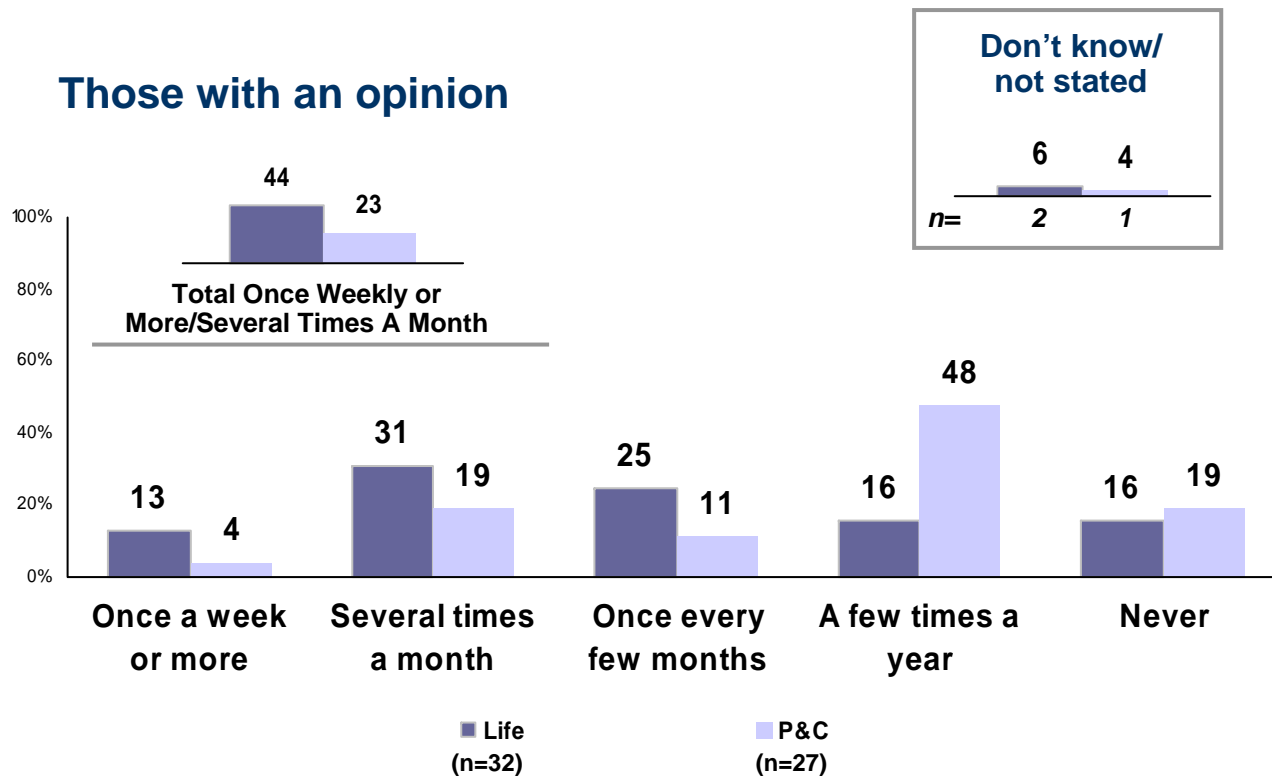
- ◆ One-third (33%) of participants say they access the OSFI website at least “several times a month”.
 - Appointed Actuaries are significantly more likely than CEOs/CFOs/external auditors (41% vs. 15%) to report frequent access of the OSFI website (“once a week or more” or “several times a month”).

- ◆ Nearly two-in-ten (18%) participants report that they “never” access OSFI’s website.
 - CEOs/CFOs/external auditors are much more likely than Appointed Actuaries (45% vs. 3%) to report that they “never” access the OSFI website.

Q.7 How frequently do you access the OSFI website with respect to actuarial matters?

Life participants access the OSFI website marginally* more frequently than do P&C participants.

Frequency of Accessing the OSFI Website



- ◆ By contrast, P&C participants are significantly more likely than Life participants (48% vs. 16%) to report accessing the OSFI website infrequently (“a few times a year”).
- ◆ Among both Life and P&C participants, nearly two-in-ten report that they have “never” accessed the OSFI website with respect to actuarial matters (16% and 19%, respectively).

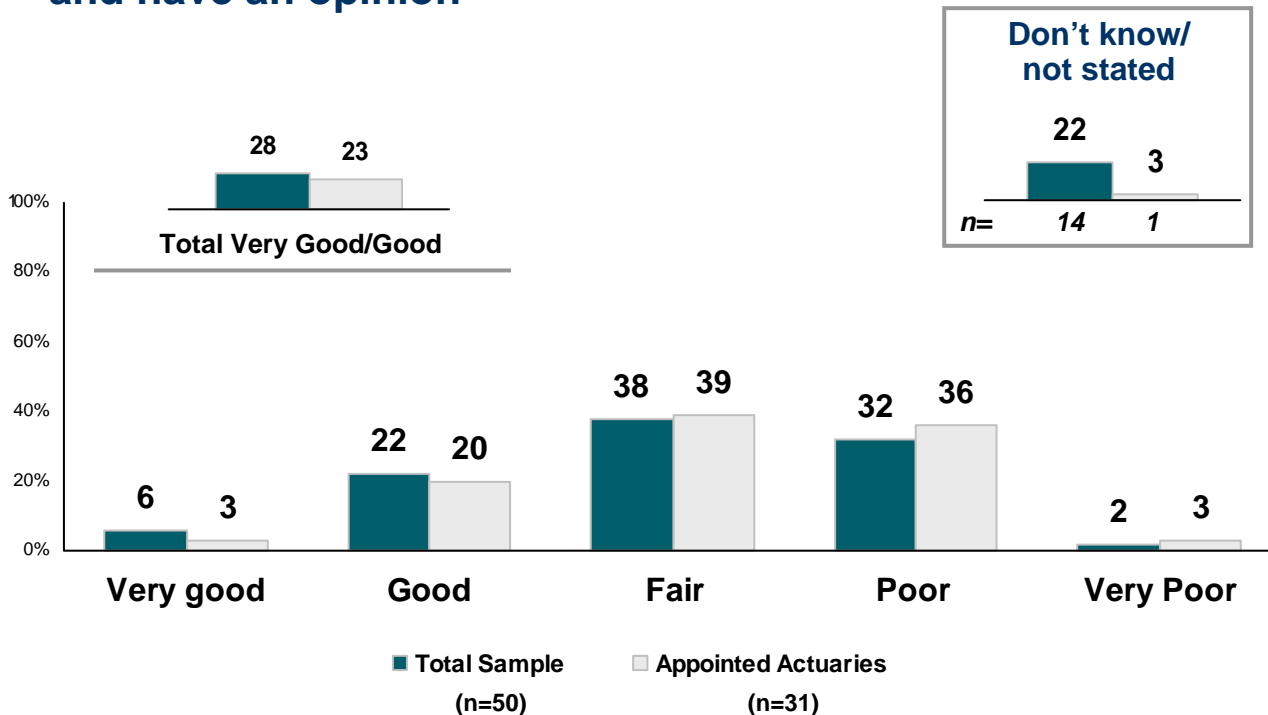
* Refers to a difference at the 90% confidence limit.

Q.8 Please rate the navigability of OSFI's website as it pertains to actuarial matters?

Opinions concerning the navigability of OSFI's website are divided.

Ratings of the Navigability of OSFI's Website

Those who have visited OSFI's website and have an opinion



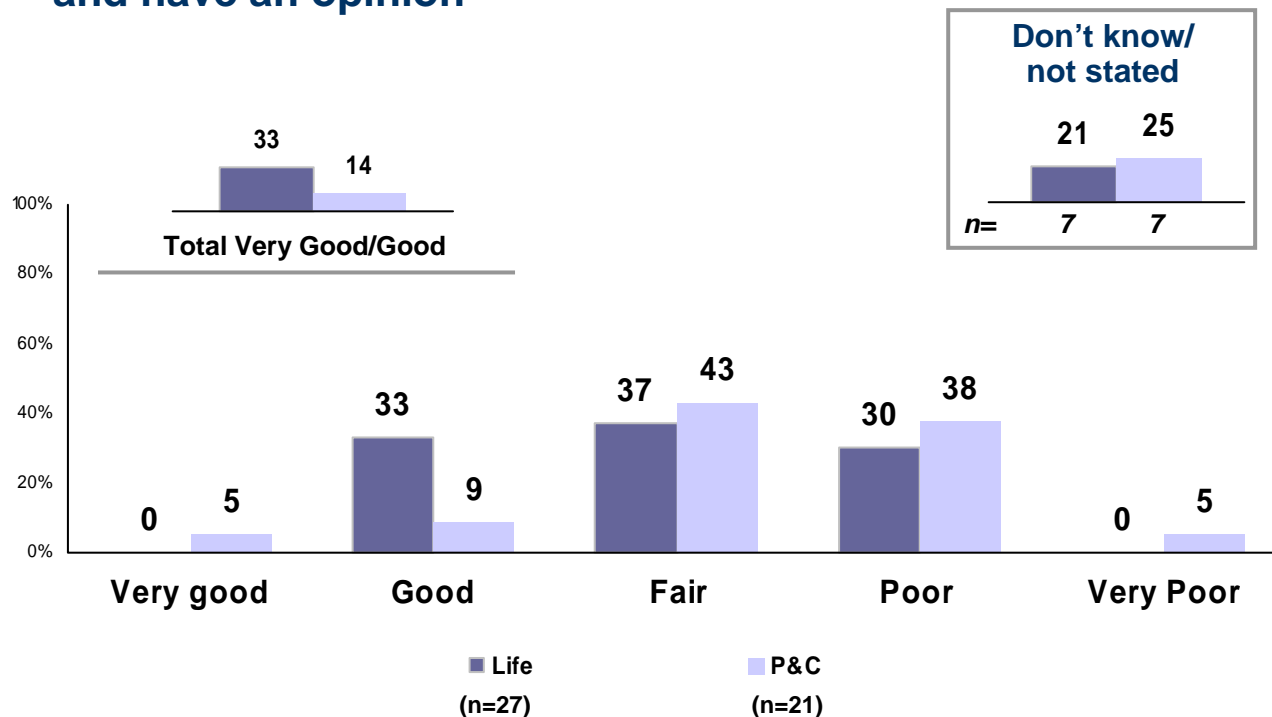
- ◆ Among those with an opinion, just over one-quarter (28%) rate the navigability of the website as “very good” or “good”. Similar proportions provide fair (38%) and “poor”/“very poor” (34%) ratings.
- ◆ CEOs/CFOs/external auditors are significantly more likely than Appointed Actuaries (57% vs. 3%) to indicate that they don't have an opinion about the navigability of OSFI's website.

Q.8 Please rate the navigability of OSFI's website as it pertains to actuarial matters?

Ratings among Life participants are divided equally between “good”, “fair” and “poor”. By contrast, ratings among P&C participants tend more towards “fair” or “poor”.

Ratings of the Navigability of OSFI's Website

Those who have visited OSFI's website and have an opinion



- ◆ Life participants are significantly more likely than P&C participants (33% vs. 9%) to provide a rating of “good” on this measure.

Q.9 Is there any actuarial material that you would like to see added to OSFI's website?

There are few suggestions for additional actuarial content for the website.

- ◆ A number of P&C participants indicate that the site does not provide sufficient actuarial content for their sector. They would like to see more P&C-related content.
- ◆ Responses to this question generally focus on the organization of the website rather than what participants would like to see added to the site:
 - A number feel that, specifically for actuarial matters, the structure of the site needs to be more intuitive and user friendly.
 - It is often mentioned that information on the site is difficult to find. Frequently noted in tandem with this observation is that the search function does not yield useful results.
 - A few participants, however, do note that the site has improved over the past few years.
- ◆ There is positive feedback regarding OSFI's email updates in response to this question.
 - Those who receive OSFI's email updates observe that the updates provide links to content that is both useful and relevant. The embedded links to the OSFI website mean that neither navigating nor searching is necessary.
- ◆ A number of participants also note that the CIA website often provides the type of actuarial information they are seeking.

Part IV – Overall Impressions of OSFI

Q.10 In your view, what one or two things does OSFI do well as the regulator and supervisor of insurance companies with respect to actuarial matters?

OSFI Strengths.

- ◆ Overall, OSFI is respected as a regulator.
- ◆ There are six areas in which OSFI is viewed to be doing well:
 - Interaction with the actuarial community and CIA
 - From a broad perspective, some participants note that OSFI is active in industry seminars and other fora.
 - Some participants specifically identify OSFI's participation in CIA committees and attendance at CIA meetings as one of the regulator's strengths.
 - Overall, OSFI is viewed as “communicating well” with the CIA.
 - Guidance
 - A number of participants have commented that OSFI's guidance is both clear and concise.
 - Responsive approach to interacting
 - Generally, OSFI's approach to dealing with the actuarial community is viewed as responsive and professional. A number of participants note that OSFI dialogues well with industry members and shows a willingness to respond to and deal with queries or issues.

Q.10 In your view, what one or two things does OSFI do well as the regulator and supervisor of insurance companies with respect to actuarial matters?

OSFI Strengths (cont'd).

- Staying up-to-date on emerging issues that are affecting actuarial matters
 - A number of participants have commented that OSFI appears to be trying to monitor and keep abreast of actuarial matters that are likely going to affect industry members.
 - It should be noted that participants do not suggest that OSFI should be able to identify trends that affect the industry; rather, they expect OSFI to keep abreast of issues that are likely to affect the industry.
- The content of the Annual Memorandum to the Appointed Actuary
 - While less frequently mentioned, a small group of participants cite the Memorandum as a good guide to understanding OSFI's expectations.
- Focus on material issues
 - A number of participants note that OSFI focuses on the key issues in its interaction with the industry.
 - Further, some comment that OSFI is generally not overly intrusive when interacting with insurance companies.

Q.11 And in your view, what one or two things does OSFI need to improve on as a regulator and supervisor of insurance companies with respect to actuarial matters?

Areas for Improvement.

- ◆ Many participants suggest that the number of OSFI staff involved in actuarial matters needs to be augmented in order for OSFI to be able to effectively carry out its mandate.
 - Concern is also expressed that the expertise in some areas resides with only one individual, exposing OSFI to significant operational risk should that individual leave.
- ◆ Further, there is a perception that the level of industry experience and knowledge among staff who deal with actuarial matters needs to improve for OSFI to be able to address the actuarial requirements associated with an increasingly complex insurance industry.
 - These observations have been made about both senior and junior members of OSFI staff who deal with actuarial matters, as well as Relationship Managers (RMs).
 - This issue is perceived to be particularly urgent with the impending changes in the insurance industry (e.g., international accounting standards, stochastic modeling requirements).

Q.11 And in your view, what one or two things does OSFI need to improve on as a regulator and supervisor of insurance companies with respect to actuarial matters?

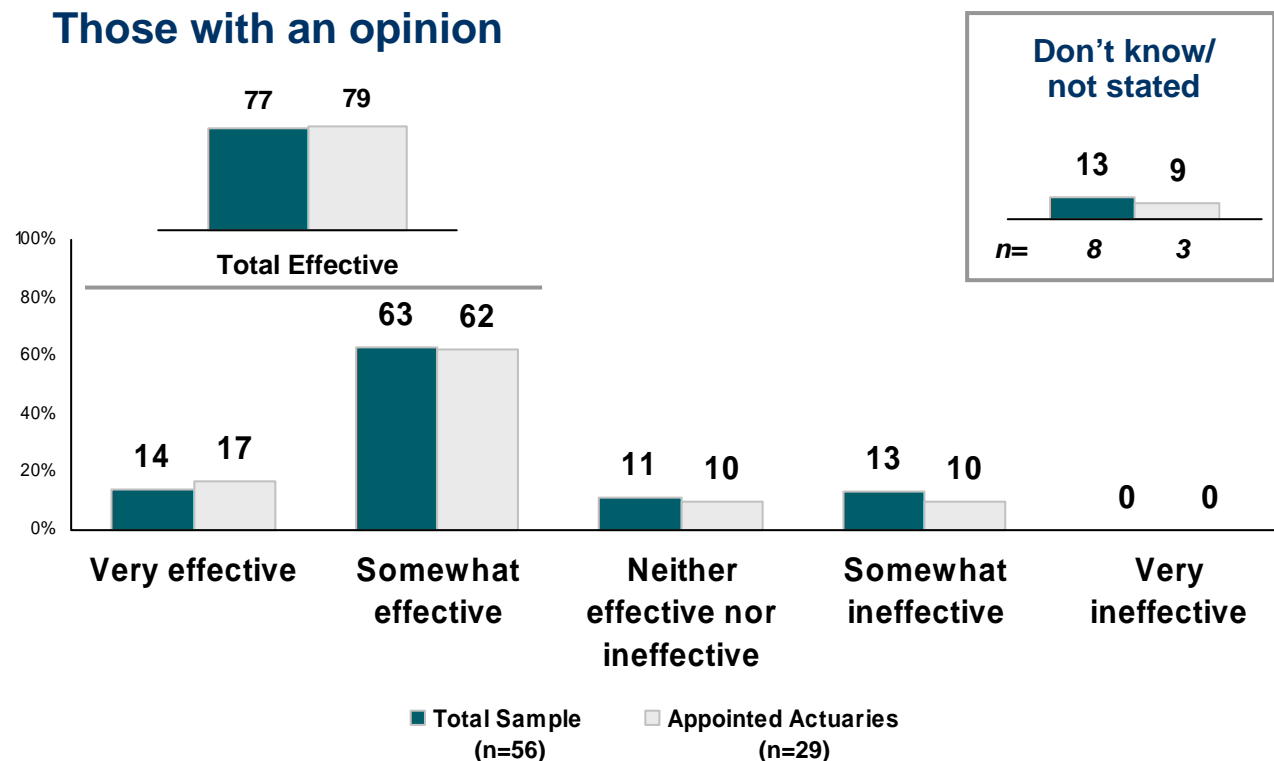
Areas for Improvement (cont'd).

- ◆ A significant group of participants feel that OSFI needs to improve its communications with insurance companies and their actuarial representatives on a number of levels specific to required reporting:
 - Some note that OSFI does not acknowledge receipt of reports.
 - In most cases participants assume that, consistent with the adage “no news is good news”, this means that the reports have been received and are in good order. Some Appointed Actuaries, however, express concern that their reports are not being read by OSFI staff. Evidence for this, according to some participants, is that they rarely, if ever, receive a request for further information from OSFI on their AA, DCAT or Peer Review reports. This leads to a perception that the reports may be “simply going on a shelf somewhere” without being reviewed.
- ◆ Also raised, although somewhat less frequently, is perceived duplication in reporting.
 - Peer Reviews, in conjunction with the newly introduced audit requirements of AuG-43, are viewed by some to be onerously duplicative.

Q.12 How effective do you believe OSFI is in identifying actual and potential problems with respect to insurance company actuarial matters?

OSFI's processes for identifying problems are generally perceived as effective.

Perceived Effectiveness of OSFI's Processes for Identifying Problems



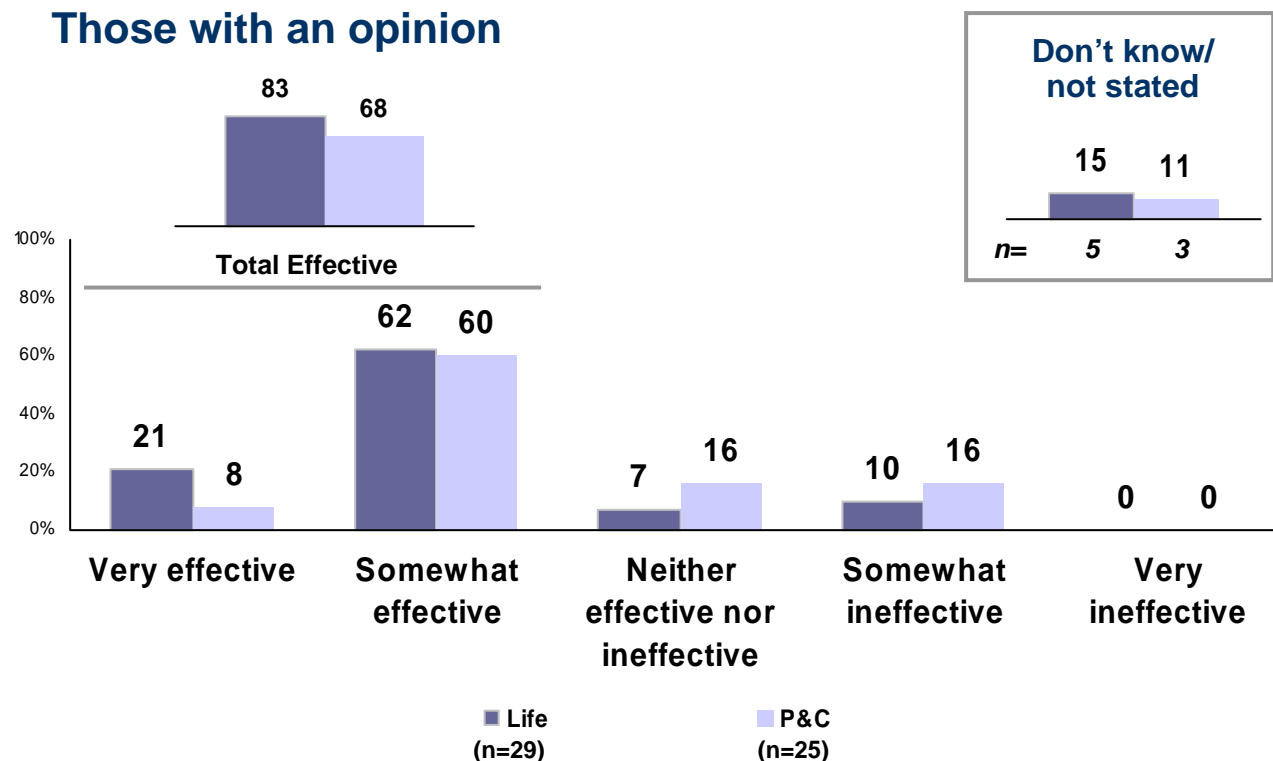
- ◆ Just over three-quarters (77%) believe that OSFI is “very effective” or “somewhat effective” in identifying problems with respect to insurance company actuarial matters, of whom the majority say it is “somewhat effective” (63%).

Q.12 How effective do you believe OSFI is in identifying actual and potential problems with respect to insurance company actuarial matters?

There are no significant differences between Life and P&C participants on this measure.

Perceived Effectiveness of OSFI's Processes for Identifying Problems

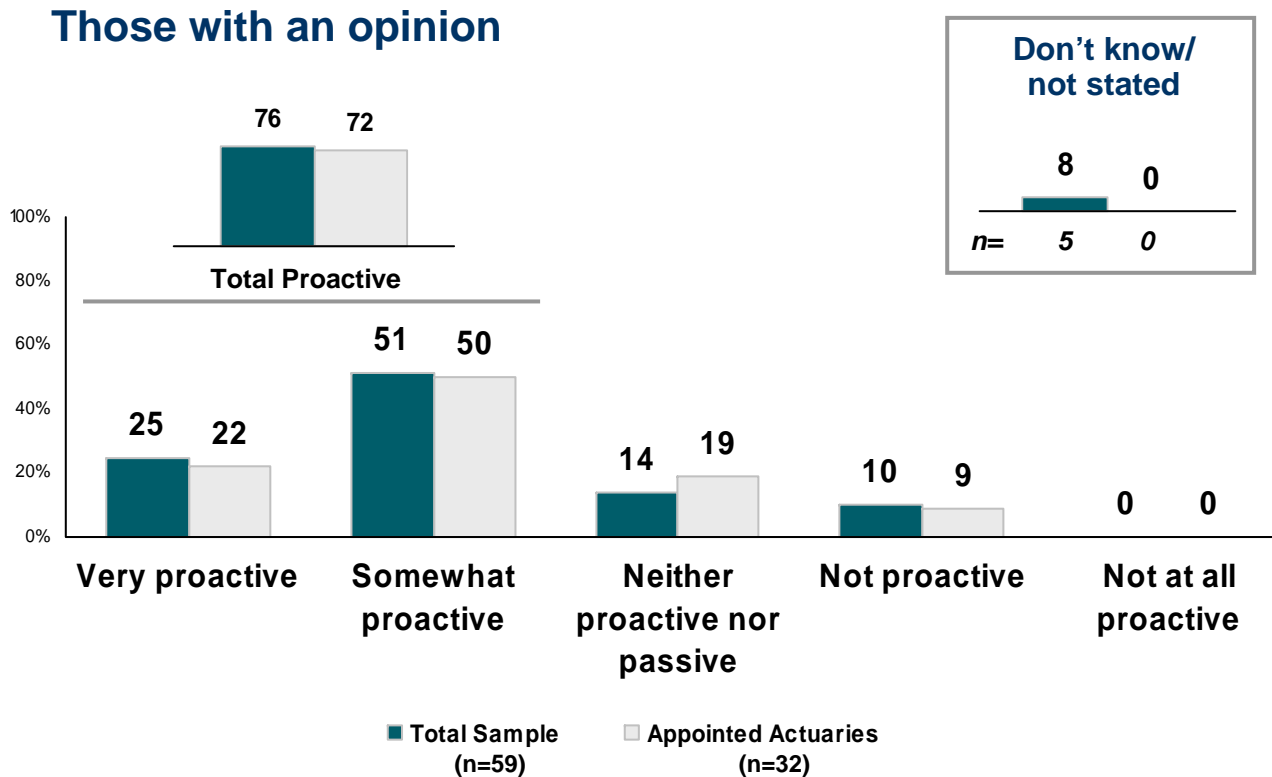
Those with an opinion



Q.13 Please rate OSFI's performance in terms of how proactive it has been in dealing with issues pertaining to insurance company actuarial matters over the past few years.

A majority of participants believe that OSFI is proactive in dealing with issues pertaining to insurance company actuarial matters.

Impressions of How Proactive OSFI has been in Dealing with Issues Pertaining to Insurance Company Actuarial Matters

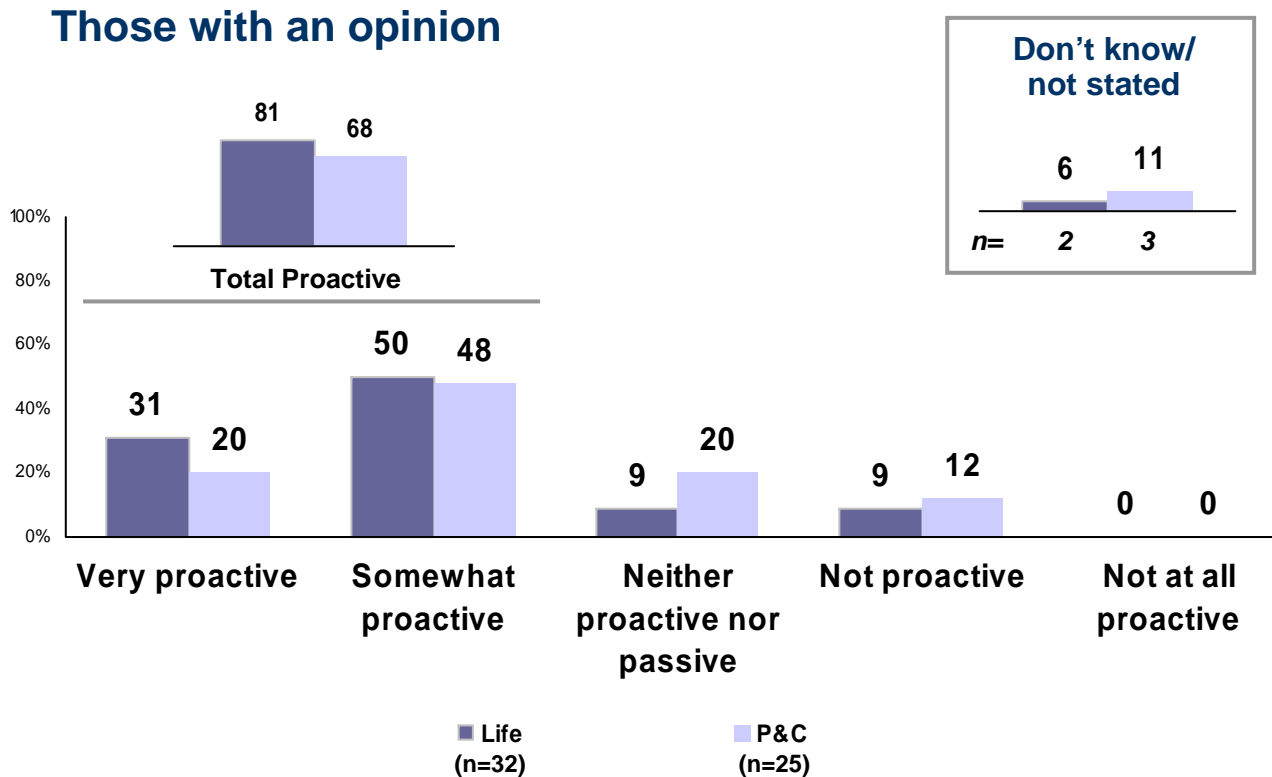


- ◆ Among those with an opinion, three-quarters (76%) believe that OSFI has been proactive in dealing with issues pertaining to insurance company actuarial matters over the past few years (“very proactive” or “somewhat proactive”).
- ◆ CEOs/CFOs/external auditors are much more likely than Appointed Actuaries to indicate that they don't have an opinion about how proactive OSFI has been in dealing with issues (22% vs. 0%).

Q.13 Please rate OSFI's performance in terms of how proactive it has been in dealing with issues pertaining to insurance company actuarial matters over the past few years.

There are no significant differences between Life and P&C participants on this measure.

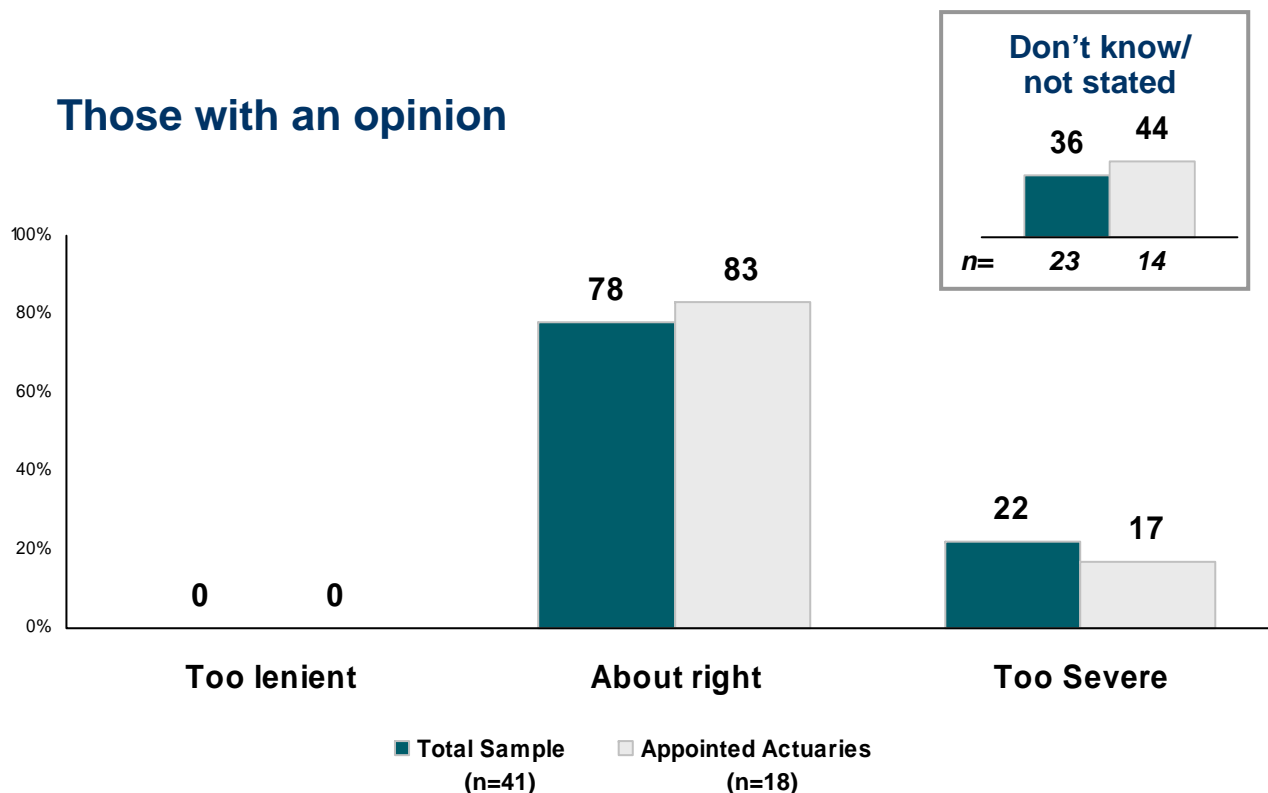
Impressions of How Proactive OSFI has been in Dealing with Issues Pertaining to Insurance Company Actuarial Matters



Q.14 Going by what you know, or have heard, how would you characterize OSFI's treatment of insurance companies where it has identified regulatory concerns with respect to actuarial matters?

A strong majority of participants believe that OSFI's treatment of insurance companies of concern is appropriate.

Impressions of OSFI's Treatment of Insurance Companies Where It Has Identified Regulatory Concerns With Respect to Actuarial Matters

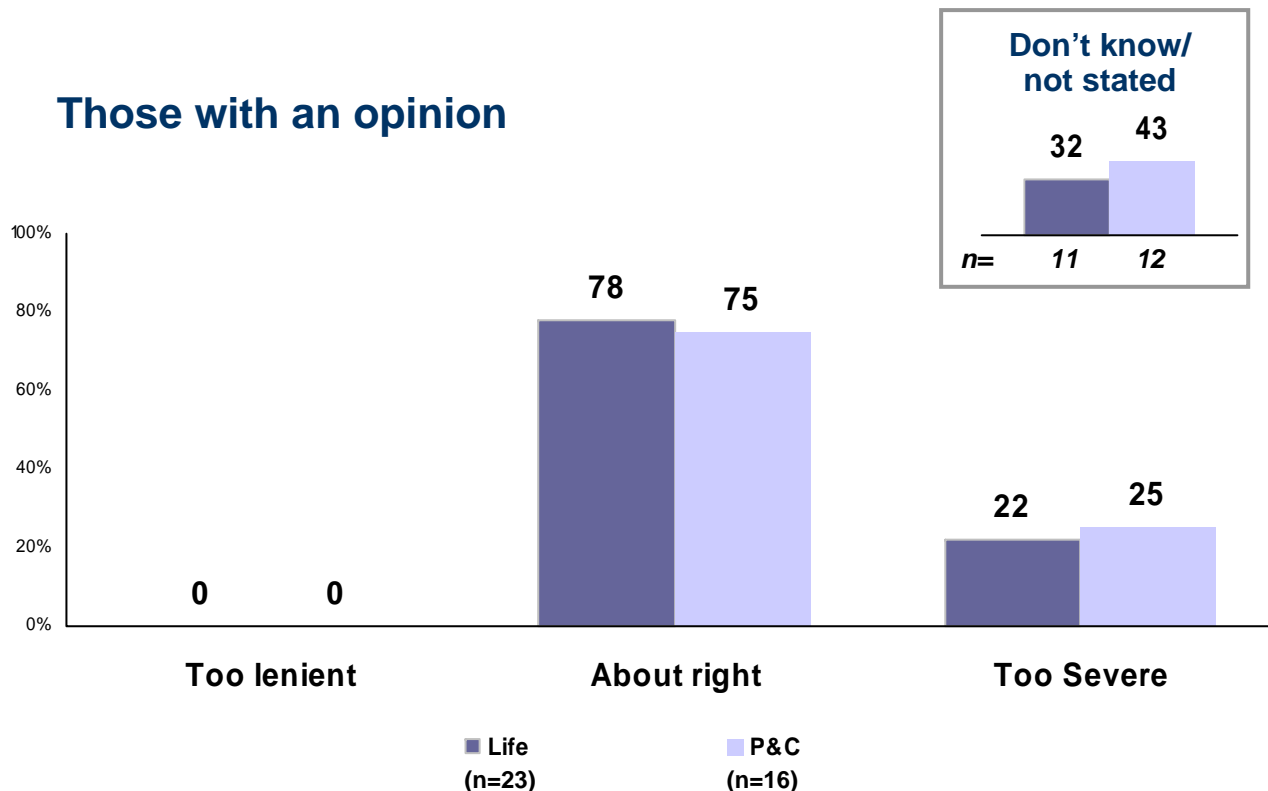


- ◆ Over one-third (36%) of participants do not have an opinion on this measure.
- ◆ Among those with an opinion, nearly eight-in-ten (78%) feel that OSFI's treatment of insurance companies where it has identified regulatory concerns with respect to actuarial matters is "just about right".
- ◆ However, a significant minority (22%) say that OSFI's treatment of such companies is "too severe".

Q.14 Going by what you know, or have heard, how would you characterize OSFI's treatment of insurance companies where it has identified regulatory concerns with respect to actuarial matters?

There are no significant differences between Life and P&C participants on this measure.

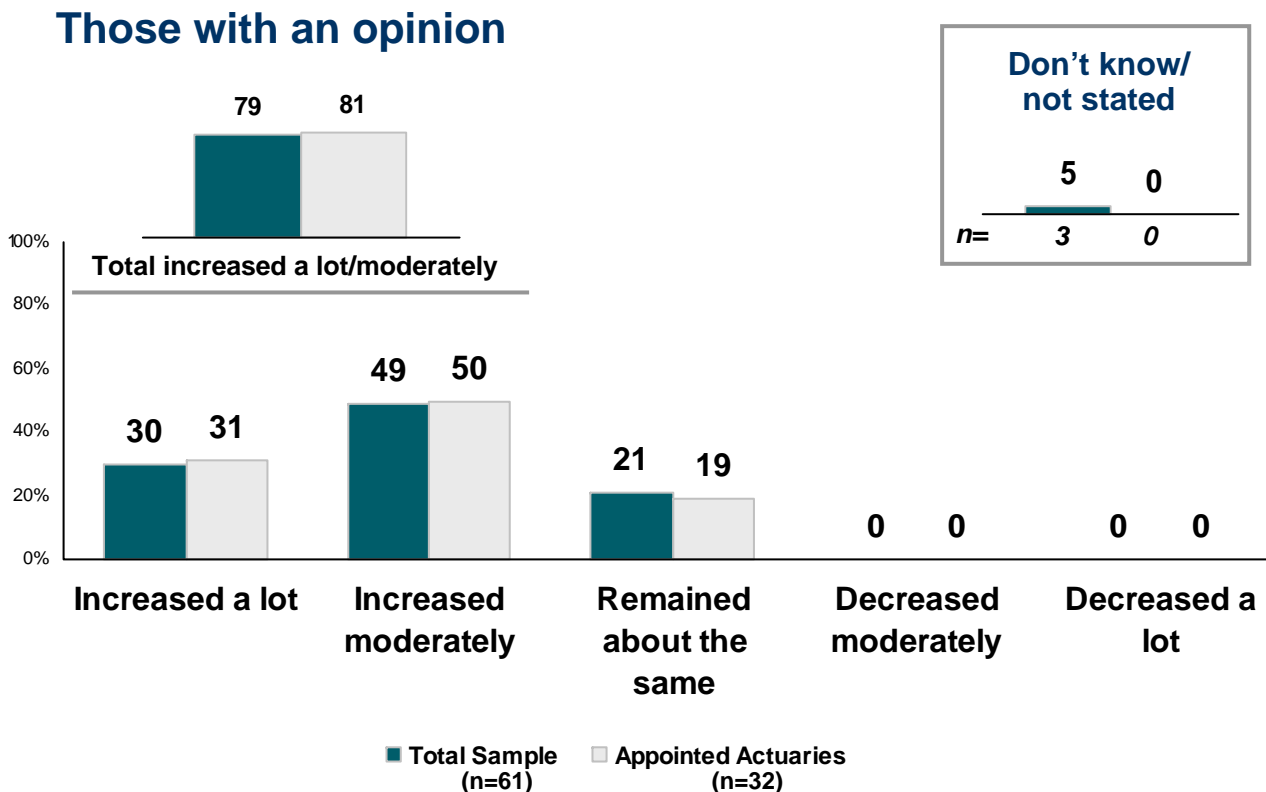
Impressions of OSFI's Treatment of Insurance Companies Where It Has Identified Regulatory Concerns With Respect to Actuarial Matters



Q.15 Overall, over the past two years, has there been any change in the amount of work your company (or companies for which you provide professional services) must perform in order to meet OSFI’s regulatory requirements pertaining to actuarial matters?

OSFI’s regulatory requirements are perceived to have increased work required.

Perceived Change in Amount of Work Company Must Perform Due to OSFI’s Regulatory Requirements

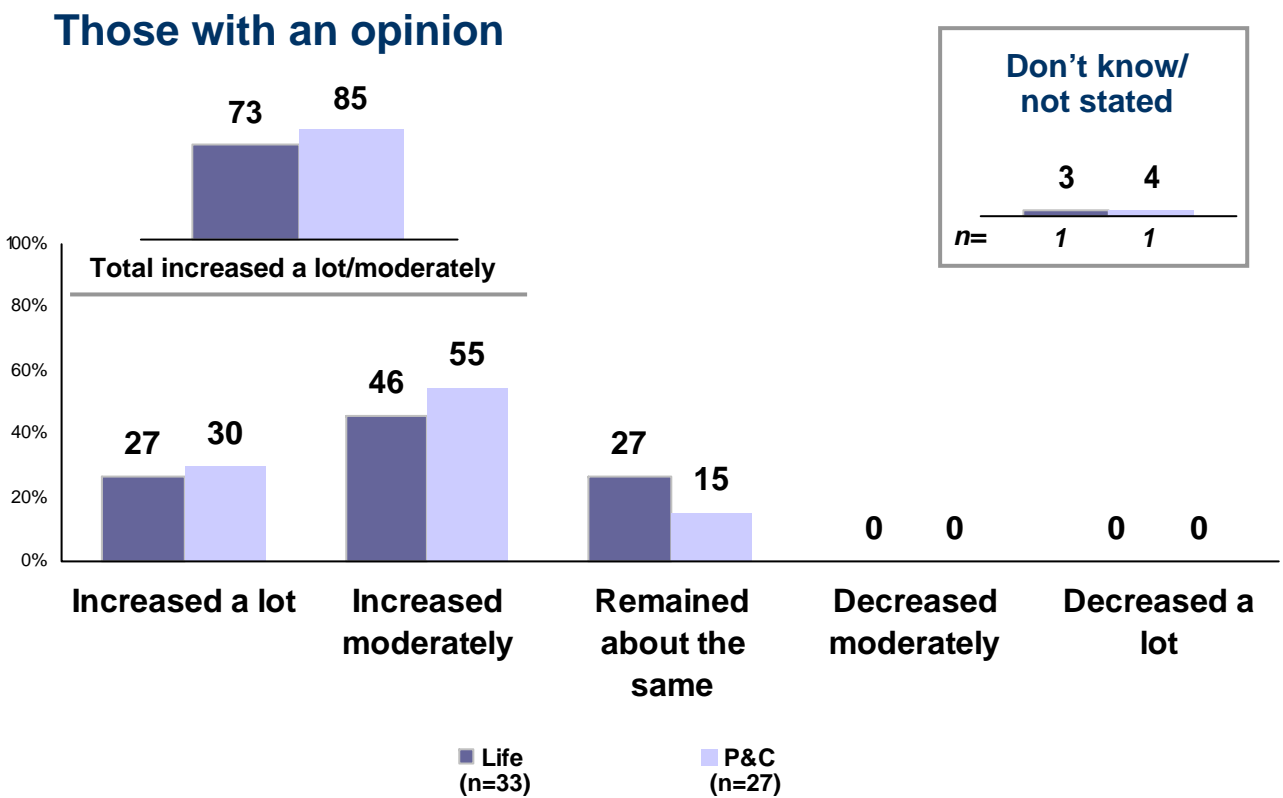


- ◆ Nearly eight-in-ten (79%) participants indicate that over the past two years the amount of work their company must perform due to OSFI’s regulatory requirements has increased (“increased a lot” or “increased moderately”).
- ◆ A significant proportion (30%) of participants report that the amount of work required has “increased a lot”.

Q.15 Overall, over the past two years, has there been any change in the amount of work your company (or companies for which you provide professional services) must perform in order to meet OSFI's regulatory requirements pertaining to actuarial matters?

There are no significant differences between Life and P&C participants on this measure.

Perceived Change in Amount of Work Company Must Perform Due to OSFI's Regulatory Requirements



Q.15a Why do you offer that response [Q.15]? / Q.15 Overall, over the past two years, has there been any change in the amount of work your company (or companies for which you provide professional services) must perform in order to meet OSFI's regulatory requirements pertaining to actuarial matters?

Peer Reviews in tandem with AuG-43 are viewed to be increasing work required.

- ◆ Additional reporting requirements are seen as having increased the amount of work that must be undertaken by insurance companies. Specifically, three major sources of increased work are identified:
 - Peer Review
 - While often viewed as a positive addition to actuarial practices, the introduction of Peer Review is seen as a contributor to an increased workload.
 - Guideline AuG-43
 - This new Guideline and its reporting requirements are perceived as having increased workload. Also, it and Peer Review are seen as duplicative by some participants.
 - Appointed Actuary Reports
 - A number of participants noted that the additional disclosure requirements have increased workload.

Q.16 Was the scope of the actuarial reviews performed by OSFI sufficient to assess the quality and effectiveness of your company's (or companies for which you provide professional services) actuarial practices and methodologies?

Q.16a Why do you offer that response [Q.16]? / Q.16 Was the scope of the actuarial reviews performed by OSFI sufficient to assess the quality and effectiveness of your company's (or companies for which you provide professional services) actuarial practices and methodologies?

Q.17 How would you rate OSFI's actuarial reviews in contributing to better management of your company (or companies for which you provide professional services)?

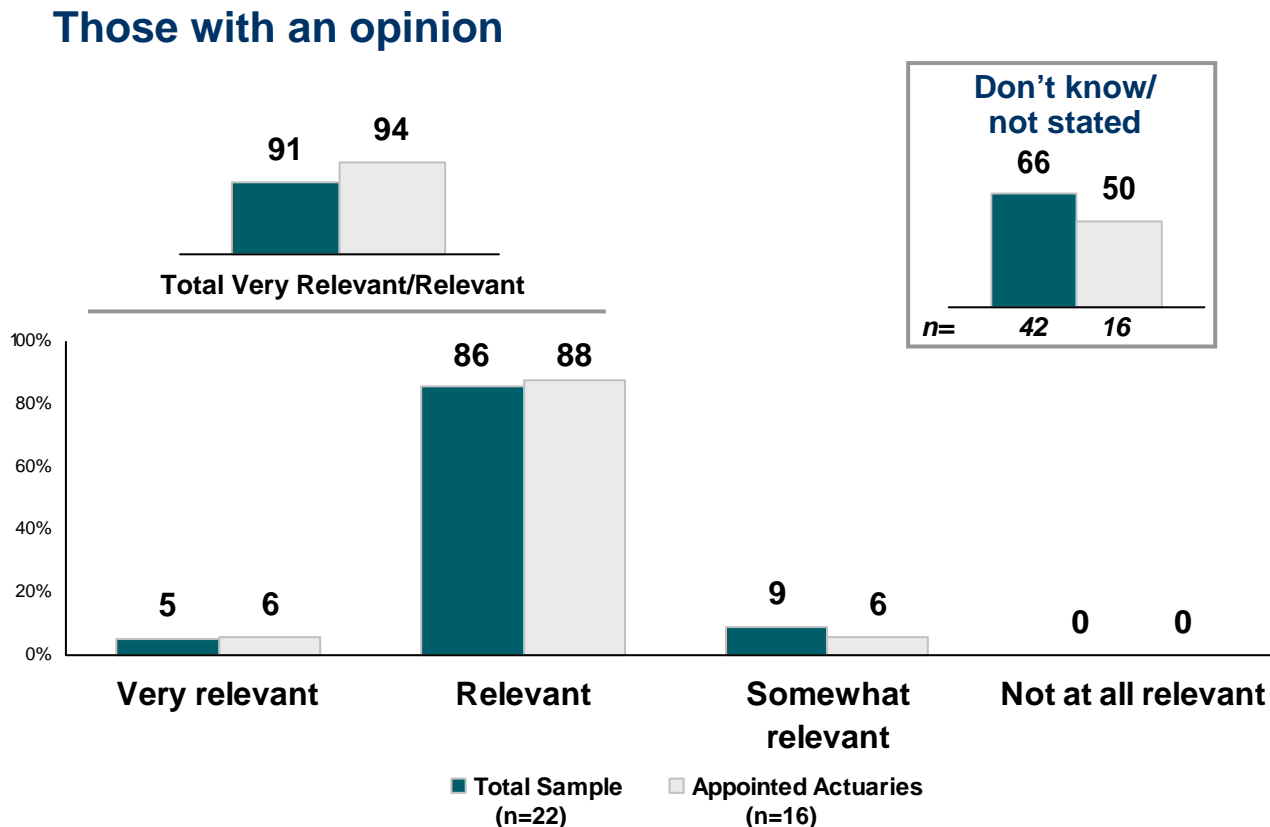
Q.17a Why do you offer that response [Q.17]? / Q.17 How would you rate OSFI's actuarial reviews in contributing to better management of your company (or companies for which you provide professional services)?

- ◆ We have not reported findings from Q.16, Q.16A, Q.17 or Q.17A because of significant confusion among participants as to the meaning of the term “actuarial reviews”, which appears in each of those questions.
 - A few assume that “actuarial reviews” refers to OSFI's supervisory review (described by some participants as “audits”).
 - However, some of these participants note that actuaries are not typically part of the OSFI supervisory review teams.
 - Many participants do not believe that they have been subject to an OSFI actuarial review.

Q.18 How relevant was the pre-onsite actuarial review material OSFI requested from your company (or companies for which you provide professional services) for its actuarial reviews?

Pre-onsite actuarial material requested by OSFI is perceived to be relevant.

Perceived Relevance of the Pre-Onsite Actuarial Review Material OSFI Requested From Company for its Actuarial Reviews



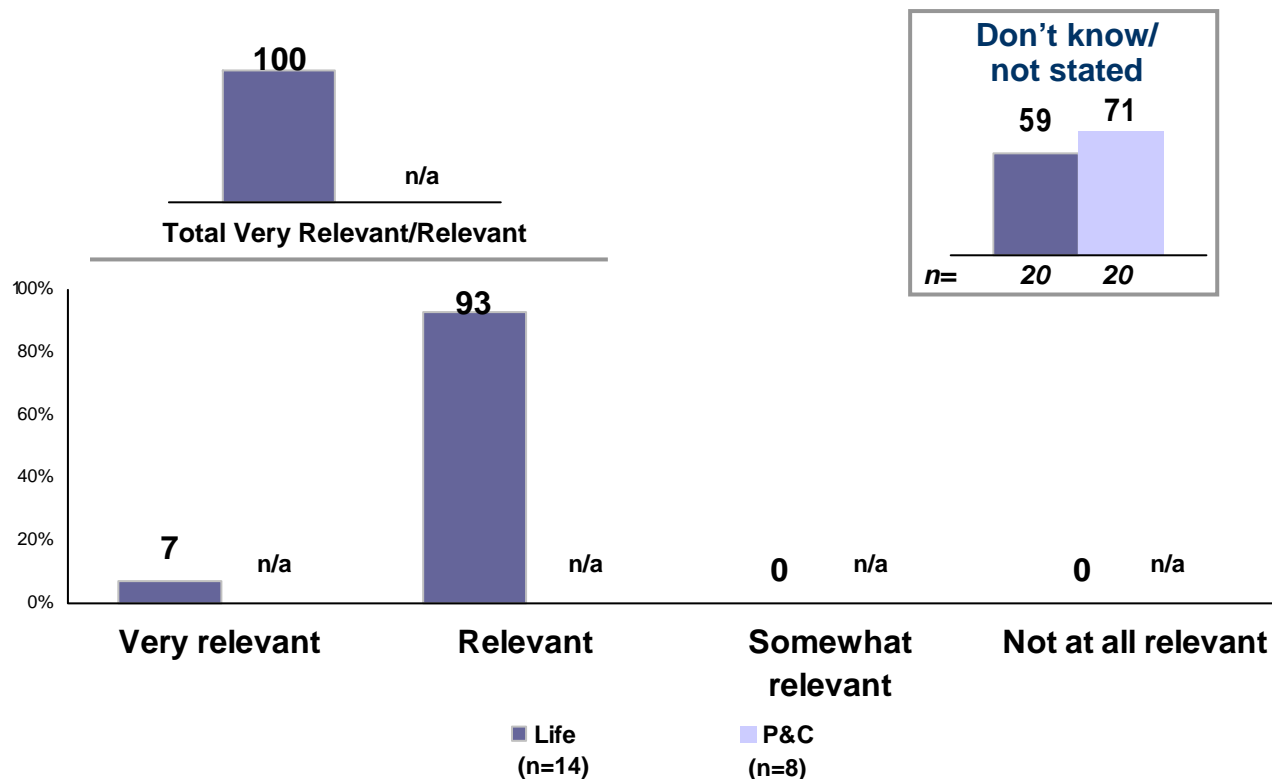
- ◆ Two-thirds of participants did not have an opinion on this measure, with CEOs/CFOs/external auditors significantly more likely than Appointed Actuaries to offer no opinion (83% vs. 50%).
- ◆ Among those with an opinion, most (91%) feel that the pre-onsite actuarial review material OSFI requested from their company for its actuarial reviews is relevant (“very relevant” or “relevant”).
- ◆ The greatest proportion (86%) of participants believe the material is “relevant”.

Q.18 How relevant was the pre-onsite actuarial review material OSFI requested from your company (or companies for which you provide professional services) for its actuarial reviews?

Small sample sizes preclude analysis of differences between Life and P&C participants.

Perceived Relevance of the Pre-Onsite Actuarial Review Material OSFI Requested From Company for its Actuarial Reviews

Those with an opinion

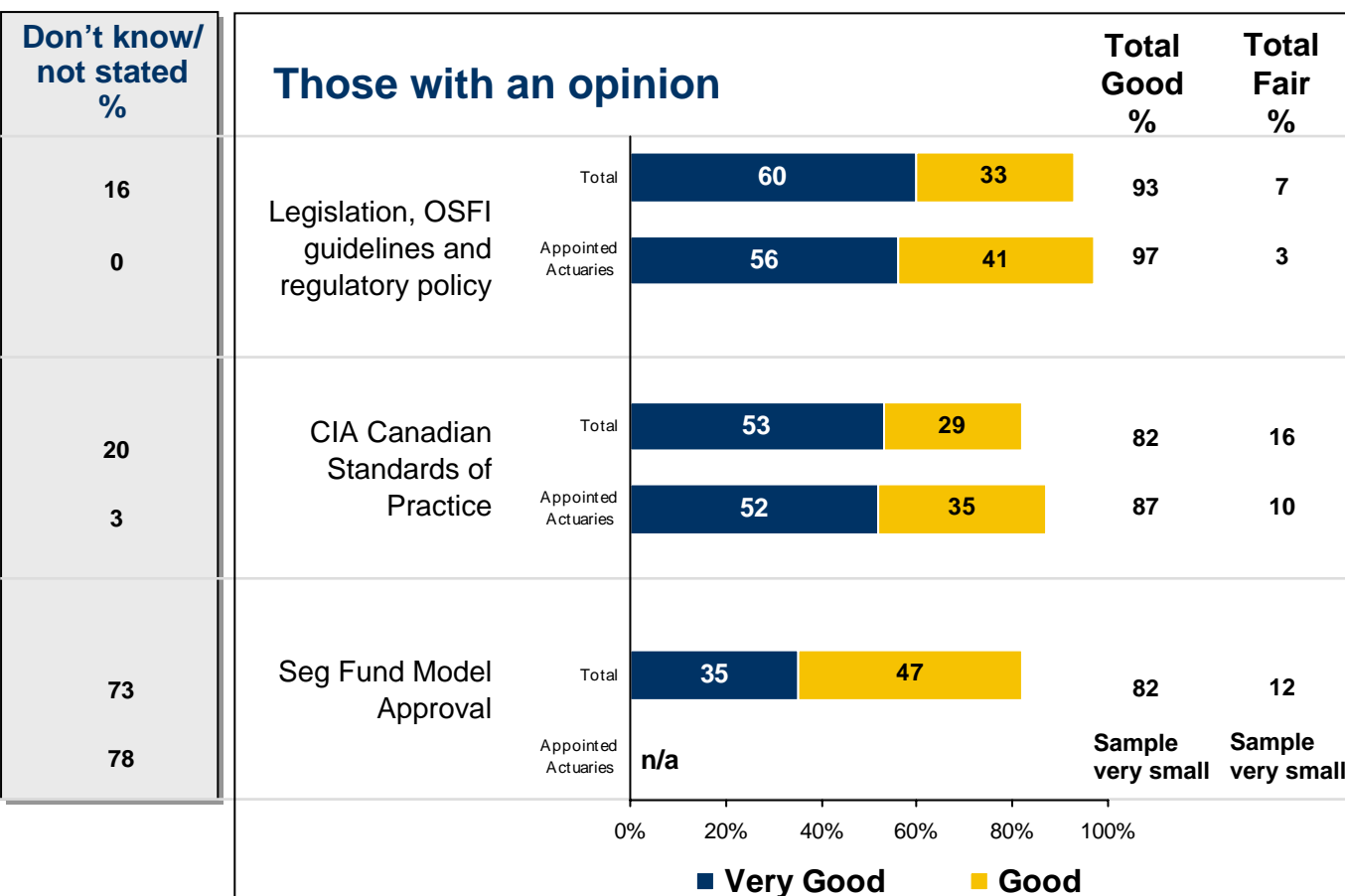


Part V – OSFI’s Effectiveness in Specific Areas

Q.19 Knowledge – How would you rate the knowledge level of OSFI staff involved in actuarial matters in the following specific areas?

Ratings of staff knowledge are high for legislation, OSFI guidelines and regulatory policy, CIA Canadian Standards of Practice and Seg Fund Model Approval.

Ratings of OSFI's Staff Knowledge Level

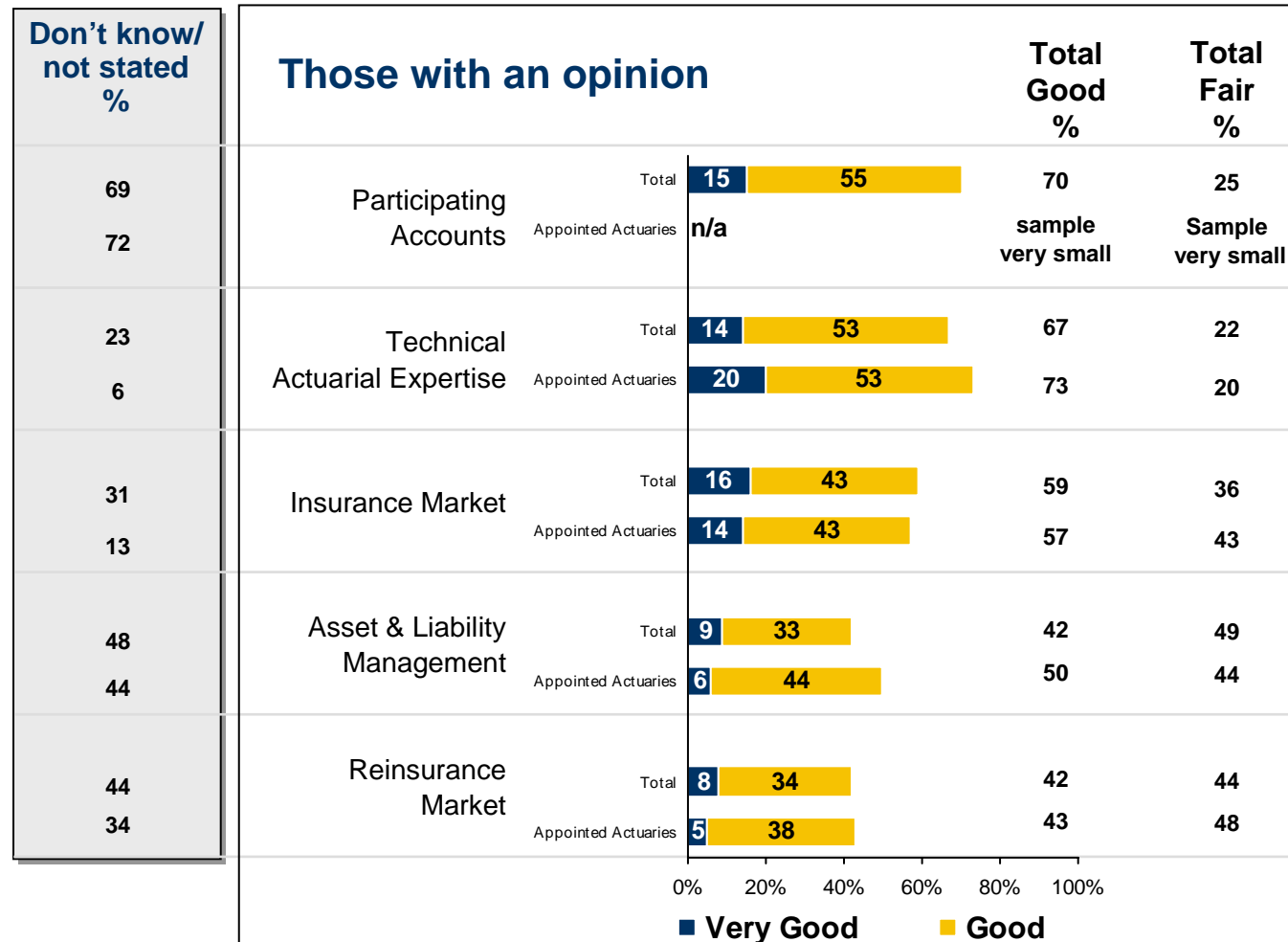


- ◆ For most areas explored, CEOS/CFOs/external auditors are significantly more likely than Appointed Actuaries to report that they don't have a response, with two exceptions: Segregated Fund Model Approval and Participant accounts.
- ◆ Among those with an opinion, positive ratings of OSFI's staff knowledge of legislation, OSFI guidelines and regulatory policy are high, with nine-in-ten (93%) providing a rating of "very good" (60%) or "good".
- ◆ Participants' ratings of OSFI's staff knowledge of CIA Canadian Standards of Practice are also high, with eight-in-ten (82%) providing a rating of "very good" (53%) or "good" (29%).
- ◆ High ratings (82%) are provided for OSFI's staff knowledge of Segregated Fund Model Approval (35% "very good" and 47% "good").

Q.19 Knowledge – How would you rate the knowledge level of OSFI staff involved in actuarial matters in the following specific areas?

Ratings of all other areas explored are significantly lower.

Ratings of OSFI's Staff Knowledge Level



- ◆ Positive ratings (“very good” or “good”) of staff knowledge are relatively lower for each of the following areas:
 - Participating accounts (70%);
 - Technical actuarial expertise (67%); and,
 - Insurance market (59%).
- ◆ Participants provide weaker ratings of staff knowledge of the following two areas:
 - Asset and liability management (42%); and,
 - Reinsurance market (42%).

Q.19 Knowledge – How would you rate the knowledge level of OSFI staff involved in actuarial matters in the following specific areas?

Detailed responses for Q.19

Among those with an opinion (Don't know/not stated responses excluded)

	TOTAL GOOD %		Very good %		Good %		Fair %		Poor %		Very poor %		Sample Sizes of those with an opinion (n's)	
	Total	Appointed Actuaries	Total	Appointed Actuaries	Total	Appointed Actuaries	Total	Appointed Actuaries	Total	Appointed Actuaries	Total	Appointed Actuaries		
Legislation, OSFI guidelines and regulatory policy	93	97	60	56	33	41	7	3	-	-	-	-	54	32
CIA Canadian Standards of Practice	82	87	53	52	29	35	16	10	2	3	-	-	51	31
Seg Fund Model Approval	82	sample very small	35	sample very small	47	sample very small	12	sample very small	6	sample very small	-	sample very small	17	7

Q.19 Knowledge – How would you rate the knowledge level of OSFI staff involved in actuarial matters in the following specific areas?

Detailed responses for Q.19

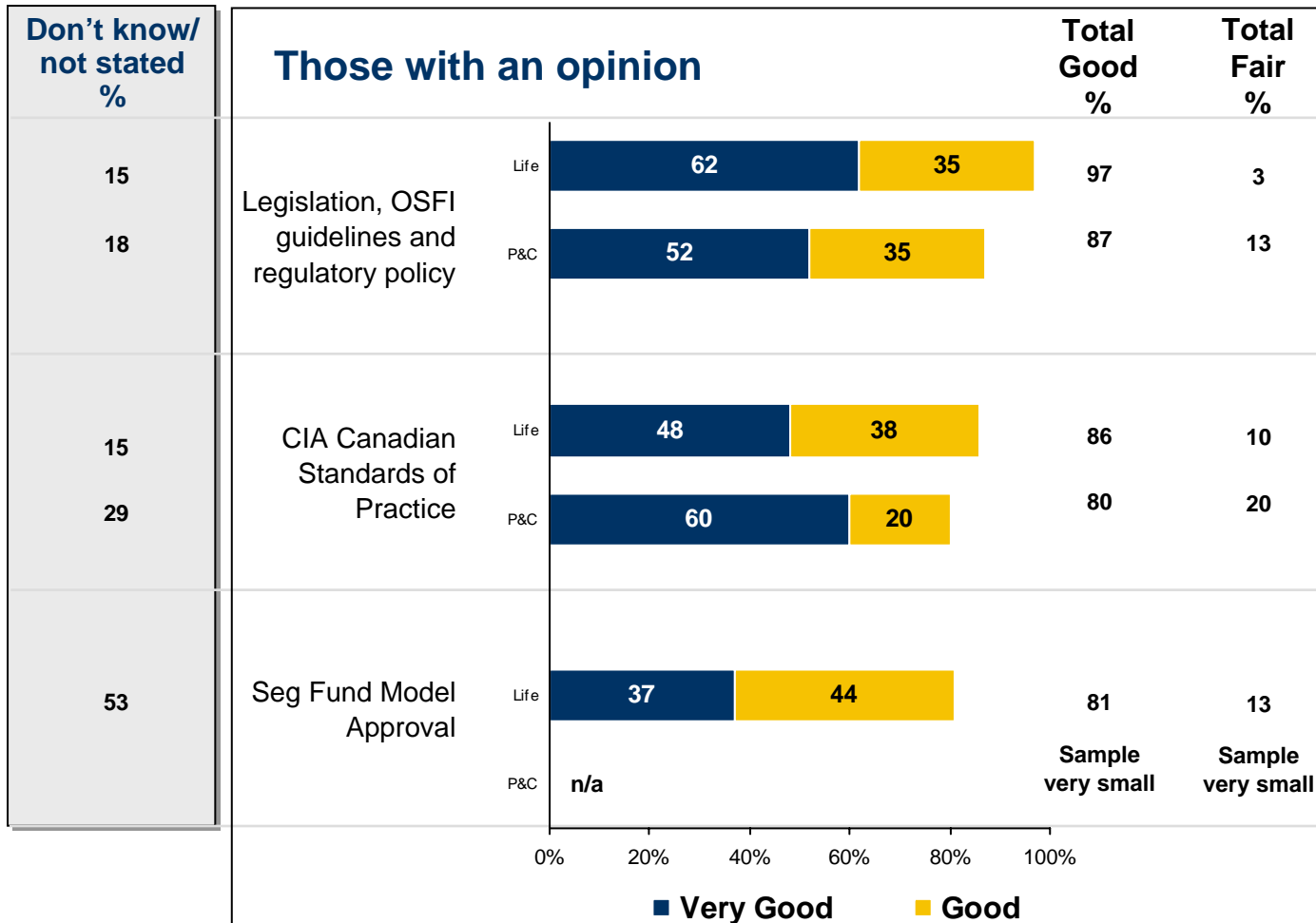
Among those with an opinion (Don't know/not stated responses excluded)

	TOTAL GOOD %		Very good %		Good %		Fair %		Poor %		Very poor %		Sample Sizes of those with an opinion (n's)	
	Total	Appointed Actuaries	Total	Appointed Actuaries	Total	Appointed Actuaries	Total	Appointed Actuaries	Total	Appointed Actuaries	Total	Appointed Actuaries	Total	Appointed Actuaries
Participating Accounts	70	sample very small	15	sample very small	55	sample very small	25	sample very small	-	sample very small	5	sample very small	20	9
Technical Actuarial Expertise	67	73	14	20	53	53	22	20	6	3	4	3	49	30
Insurance Market	59	57	16	14	43	43	36	43	5	-	-	-	44	28
Asset & Liability Management	42	50	9	6	33	44	49	44	9	6	-	-	33	18
Reinsurance Market	42	43	8	5	34	38	44	48	14	10	-	-	36	21

Q.19 Knowledge – How would you rate the knowledge level of OSFI staff involved in actuarial matters in the following specific areas?

For most ratings of OSFI staff knowledge, there are no significant differences between Life and P&C participants.

Ratings of OSFI's Staff Knowledge Level

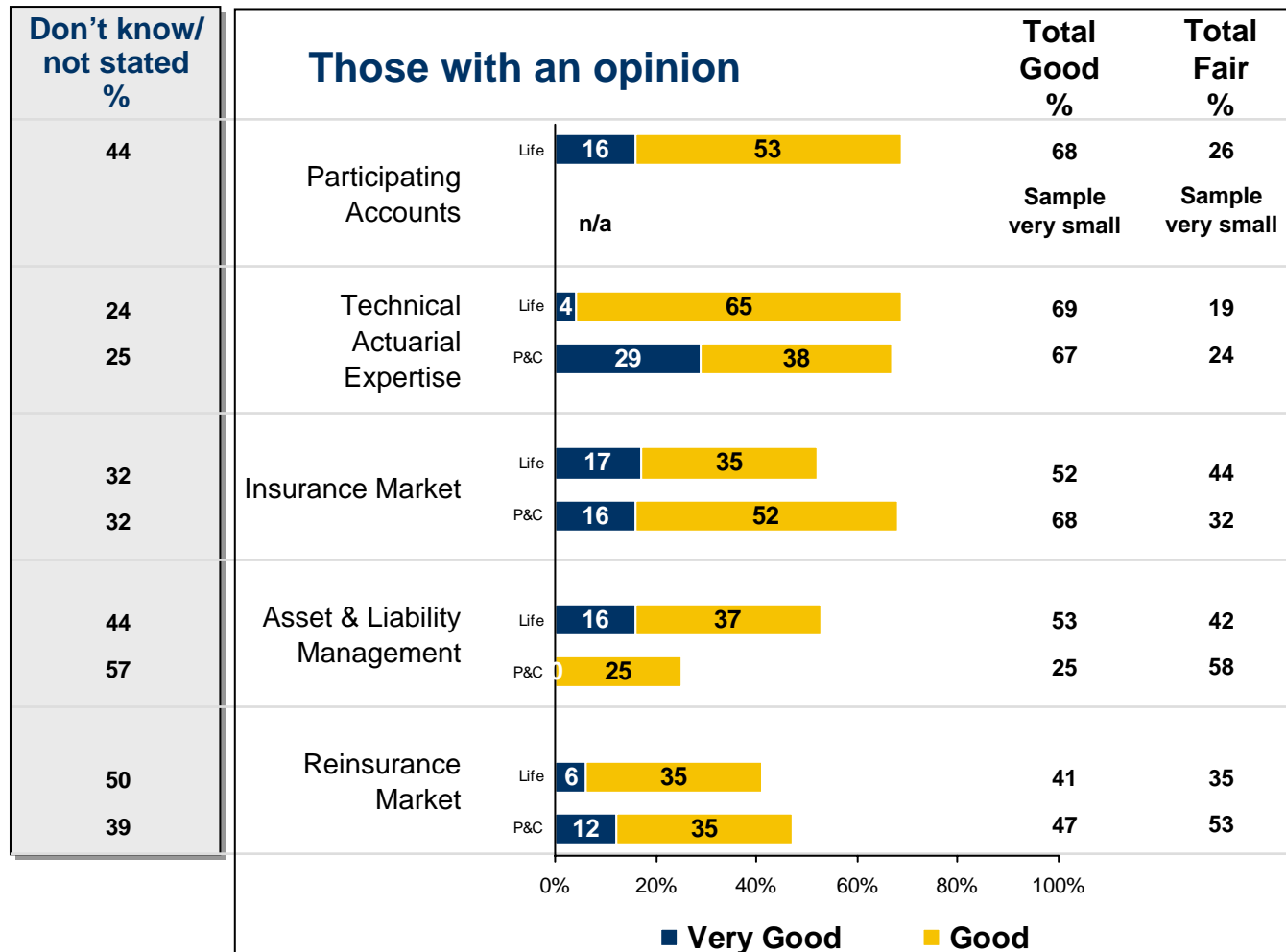


◆ There are no differences between Life and P&C participant ratings for the three knowledge areas upon which OSFI's staff receive the highest ratings.

Q.19 Knowledge – How would you rate the knowledge level of OSFI staff involved in actuarial matters in the following specific areas?

Life participants are significantly less likely than P&C participants to rate the technical actuarial expertise of OSFI staff as “very good”.

Ratings of OSFI’s Staff Knowledge Level



- ◆ Life participants are marginally* more likely than P&C participants to hold positive perceptions of OSFI staff on knowledge of asset and liability management.
 - This is largely driven by a marginal* difference in the proportions providing a rating of “very good” on this measure (16% and 0%, respectively).
- ◆ Life participants are much more likely than P&C participants to rate OSFI’s staff knowledge level of the reinsurance market as “poor” (24% and 0%, respectively).

* Refers to a difference at the 90% confidence limit.

Q.19 Knowledge – How would you rate the knowledge level of OSFI staff involved in actuarial matters in the following specific areas?

Detailed responses for Q.19 based on Life and P&C

Among those with an opinion (Don't know/not stated responses excluded)

	TOTAL GOOD %		Very good %		Good %		Fair %		Poor %		Very poor %		Sample Sizes of those with an opinion (n's)	
	Life	P&C	Life	P&C	Life	P&C	Life	P&C	Life	P&C	Life	P&C		
	Legislation, OSFI guidelines and regulatory policy	97	87	62	52	35	35	3	13	-	-	-	-	29
CIA Canadian Standards of Practice	86	80	48	60	38	20	10	20	3	-	-	-	29	20
Seg Fund Model Approval	81	Sample very small	37	Sample very small	44	Sample very small	13	Sample very small	6	Sample very small	-	Sample very small	16	1

Q.19 Knowledge – How would you rate the knowledge level of OSFI staff involved in actuarial matters in the following specific areas?

Detailed responses for Q.19 based on Life and P&C

Among those with an opinion (Don't know/not stated responses excluded)

	TOTAL GOOD %		Very good %		Good %		Fair %		Poor %		Very poor %		Sample Sizes of those with an opinion (n's)	
	Life	P&C	Life	P&C	Life	P&C	Life	P&C	Life	P&C	Life	P&C	Life	P&C
Participating Accounts	68	Sample very small	16	Sample very small	53	Sample very small	26	Sample very small	-	Sample very small	5	Sample very small	19	1
Technical Actuarial Expertise	69	67	4	29	65	38	19	24	12	-	-	10	26	21
Insurance Market	52	68	17	16	35	52	44	32	4	-	-	-	23	19
Asset & Liability Management	53	25	16	-	37	25	42	58	5	17	-	-	19	12
Reinsurance Market	41	47	6	12	35	35	35	53	24	-	-	-	17	17

Q.20 Concerning OSFI's staff knowledge in the actuarial areas, what do you believe needs to be improved immediately?

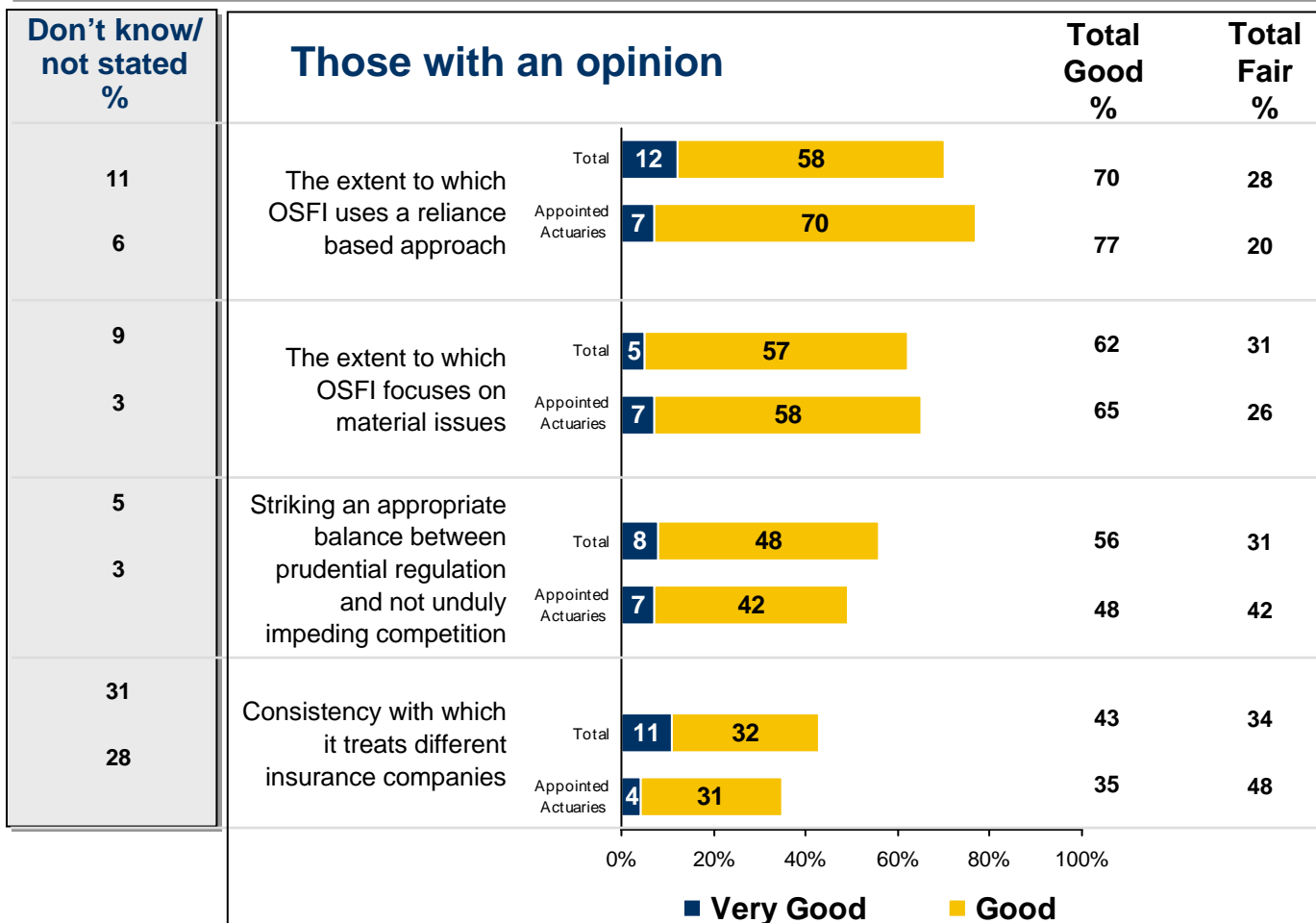
There is a perceived need for both an increase in the actuarial staff complement and improvement in the knowledge levels of staff working on actuarial matters.

- ◆ There are a number of positive comments regarding OSFI actuarial staff and their abilities.
- ◆ However, a significant number of participants express concern about the industry knowledge of staff who work on actuarial matters:
 - In particular, it is suggested that OSFI's actuarial team would benefit from greater industry experience and deeper technical knowledge.
 - While some participants acknowledge that OSFI has staff that have a good base knowledge of actuarial issues, they feel that particularly more junior and mid level actuarial staff lack an understanding of the insurance marketplace because of their perception that few, if any, of these staff have actually had experience in insurance companies.
 - There is a perception that OSFI is lacking staff members who have a depth of understanding and familiarity with increasingly complex actuarial matters. Segregated fund issues and reinsurance-specific issues are often cited in this context.
- ◆ Consistent with observations earlier in the consultation, concern that OSFI is short-staffed emerges again in response to this question. This impression was particularly prevalent among P&C and reinsurance participants.

Q.21 Regulatory Approach— How would you rate OSFI on the following issues pertaining to actuarial matters?

Ratings of OSFI’s regulatory approach on actuarial matters are moderately positive.

Ratings of OSFI’s Regulatory Approach



- ◆ Among those with an opinion, seven-in-ten (70%) participants provide positive ratings of the extent to which OSFI uses a reliance based approach (“very good” or “good”).
- ◆ Participants also provide moderately positive ratings (62%) of the extent to which OSFI focuses on material issues (“very good” or “good”).
- ◆ Positive ratings are relatively lower (56%) for OSFI’s efforts to strike an appropriate balance between prudential regulation and not unduly impeding competition.
- ◆ Participants provide the weakest ratings for the consistency with which OSFI treats different insurance companies (43%).
- ◆ CEOs/CFOs/external auditors are much more likely than Appointed Actuaries (22% vs. 3%) to report that they don’t have an opinion on the extent to which OSFI focuses on material issues and marginally* more likely to report not having an opinion on the extent to which OSFI uses a reliance based approach (22% and 6%).

* Refers to a difference at the 90% confidence limit.

Q.21 Regulatory Approach— How would you rate OSFI on the following issues pertaining to actuarial matters?

Detailed responses for Q.21

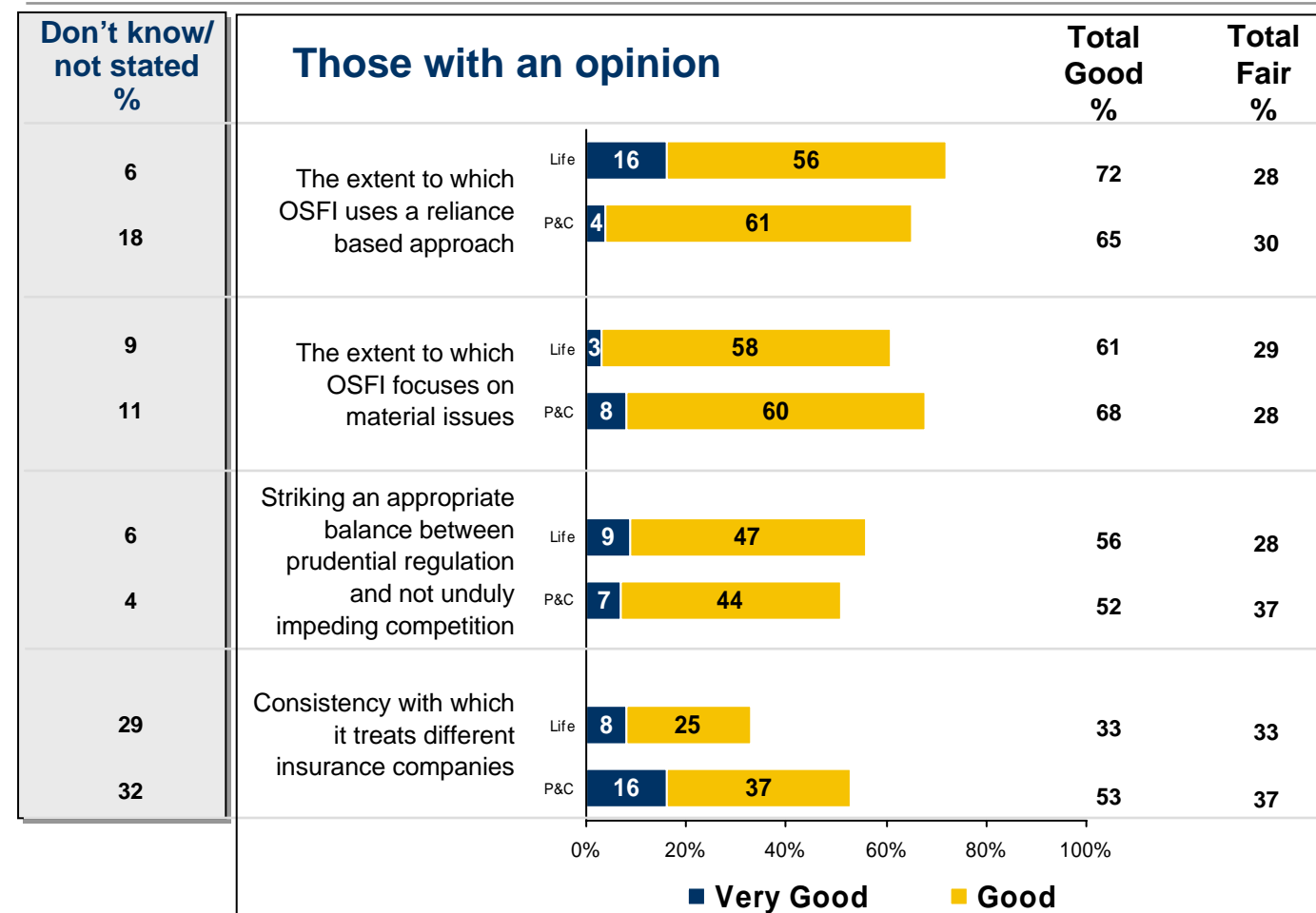
Among those with an opinion (Don't know/not stated responses excluded)

	TOTAL GOOD %		Very good %		Good %		Fair %		Poor %		Very poor %		Sample Sizes of those with an opinion (n's)	
	Total	Appointed Actuaries	Total	Appointed Actuaries	Total	Appointed Actuaries	Total	Appointed Actuaries	Total	Appointed Actuaries	Total	Appointed Actuaries	Total	Appointed Actuaries
The extent to which OSFI uses a reliance based approach	70	77	12	7	58	70	28	20	2	3	-	-	57	30
The extent to which OSFI focuses on material issues	62	65	5	7	57	58	31	26	7	10	-	-	58	31
Striking an appropriate balance between prudential regulation and not unduly impeding competition	56	48	8	7	48	42	31	42	13	10	-	-	61	31
Consistency with which it treats different insurance companies	43	35	11	4	32	31	34	48	21	17	2	-	44	23

Q.21 Regulatory Approach— How would you rate OSFI on the following issues pertaining to actuarial matters?

Life and P&C participants do not differ significantly in their ratings of OSFI’s regulatory approach.

Ratings of OSFI’s Regulatory Approach



Q.21 Regulatory Approach— How would you rate OSFI on the following issues pertaining to actuarial matters?

Detailed responses for Q.21 based on Life and P&C

Among those with an opinion (Don't know/not stated responses excluded)

	TOTAL GOOD %		Very good %		Good %		Fair %		Poor %		Very poor %		Sample Sizes of those with an opinion (n's)	
	Life	P&C	Life	P&C	Life	P&C	Life	P&C	Life	P&C	Life	P&C	Life	P&C
The extent to which OSFI uses a reliance based approach	72	65	16	4	56	61	28	30	-	4	-	-	32	37
The extent to which OSFI focuses on material issues	61	68	3	8	58	60	29	28	10	4	-	-	31	25
Striking an appropriate balance between prudential regulation and not unduly impeding competition	56	52	9	7	47	45	28	37	16	11	-	-	32	27
Consistency with which it treats different insurance companies	33	53	8	16	25	37	33	37	29	11	4	-	24	19

Q.21a Why do you offer that response [Q.21]? / Q.21 How would you rate OSFI on the following issues pertaining to actuarial matters? (Asked only of participants who provided a rating of “poor” or “very poor”)

Some participants feel that smaller companies are at a disadvantage relative to larger companies in the application of the regulatory approach.

STRIKING AN APPROPRIATE BALANCE

- ◆ Only a very small group of participants offer negative ratings in their assessment of OSFI on this measure.
 - Among those who provide OSFI with a more negative rating, a few say that this is because they believe that OSFI’s approach favours larger companies.
- ◆ No other issues emerge consistently on this measure.

FOCUSING ON MATERIAL ISSUES

- The sample size of those who offer negative ratings of OSFI on this measure is too small to support analysis.

CONSISTENCY WITH WHICH OSFI TREATS DIFFERENT INSURANCE COMPANIES

- Among those who provide more detail on this issue, opinions are split as to the implications of treating companies consistently:
 - For those who believe there is consistency, some see this as a disadvantage for smaller firms. There is a perception that smaller firms do not have the resources to cost effectively implement some of OSFI’s requirements. Larger firms are viewed to have an advantage in this respect.
 - For some who believe there are differences in treatment, the outcome is not perceived positively. Some feel that OSFI places greater priority on the larger insurers, and therefore does not always pay sufficient regard to smaller insurers.

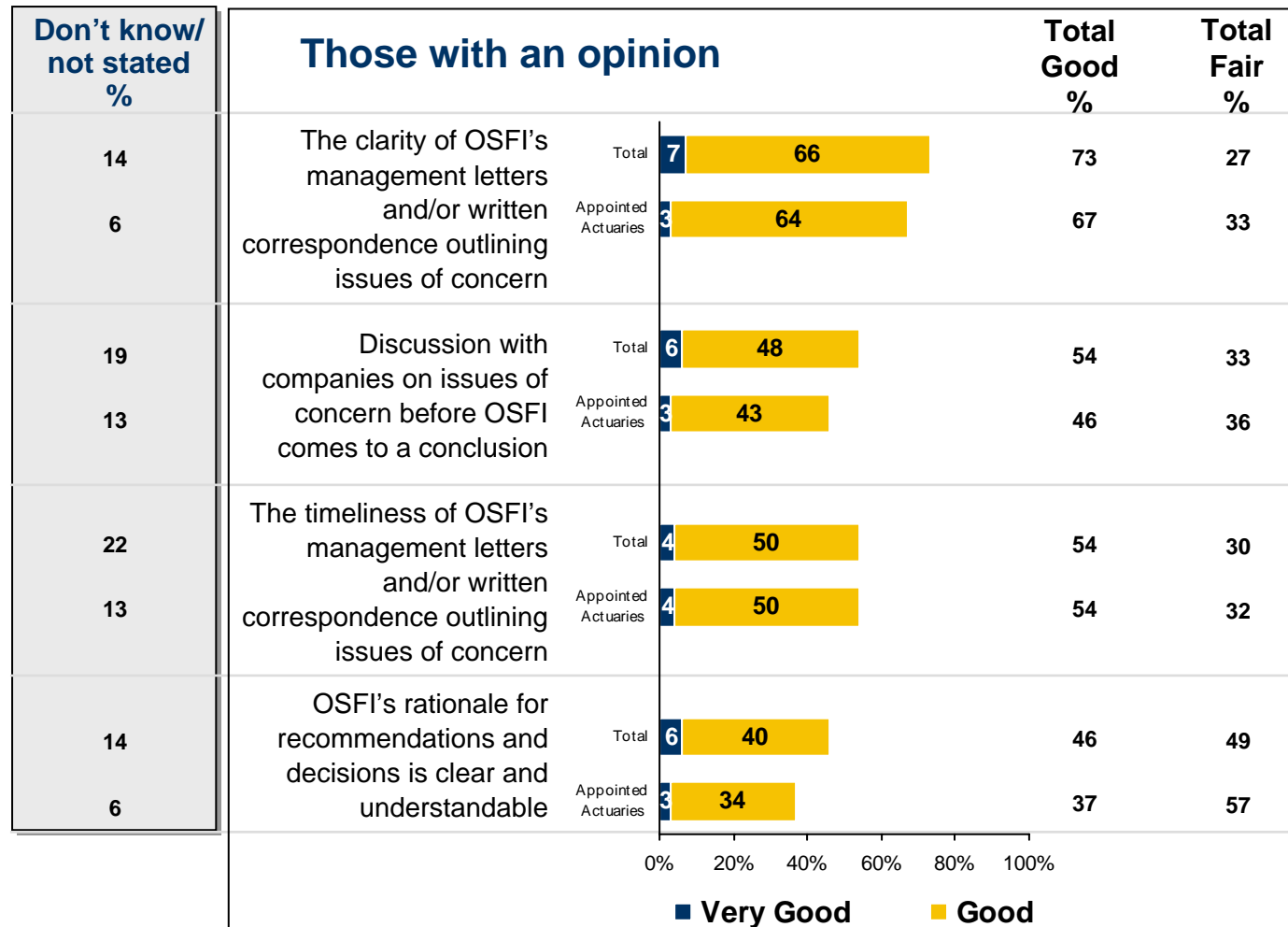
THE EXTENT TO WHICH OSFI USES A RELIANCE BASED APPROACH

- The sample size of those who offer negative ratings of OSFI on this measure is too small to support analysis.

Q.22 General Communication – How would you rate OSFI on the following communication issues with respect to actuarial matters?

Ratings of OSFI’s communications are moderately positive.

Ratings of OSFI’s Communications



- ◆ Participants provide moderately high ratings (73%) for the clarity of OSFI’s management letters and/or written correspondence outlining issues of concern.
- ◆ Slightly more than one-half of participants provide positive ratings (“very good” or “good”) of OSFI on:
 - Discussion with companies on issues of concern before OSFI comes to a conclusion (54%); and,
 - The timeliness of OSFI’s management letters and/or written correspondence outlining issues of concern (54%).
- ◆ Ratings are slightly lower on OSFI’s rationale for recommendations is clear and understandable (46%).
- ◆ CEOs/CFOs/external auditors are significantly more likely than Appointed Actuaries to report that they don’t have an opinion for three of the four areas explored, the exception being discussion with companies on issues of concern before OSFI comes to a conclusion.

Q.22 General Communication – How would you rate OSFI on the following communication issues with respect to actuarial matters?

Detailed responses for Q.22

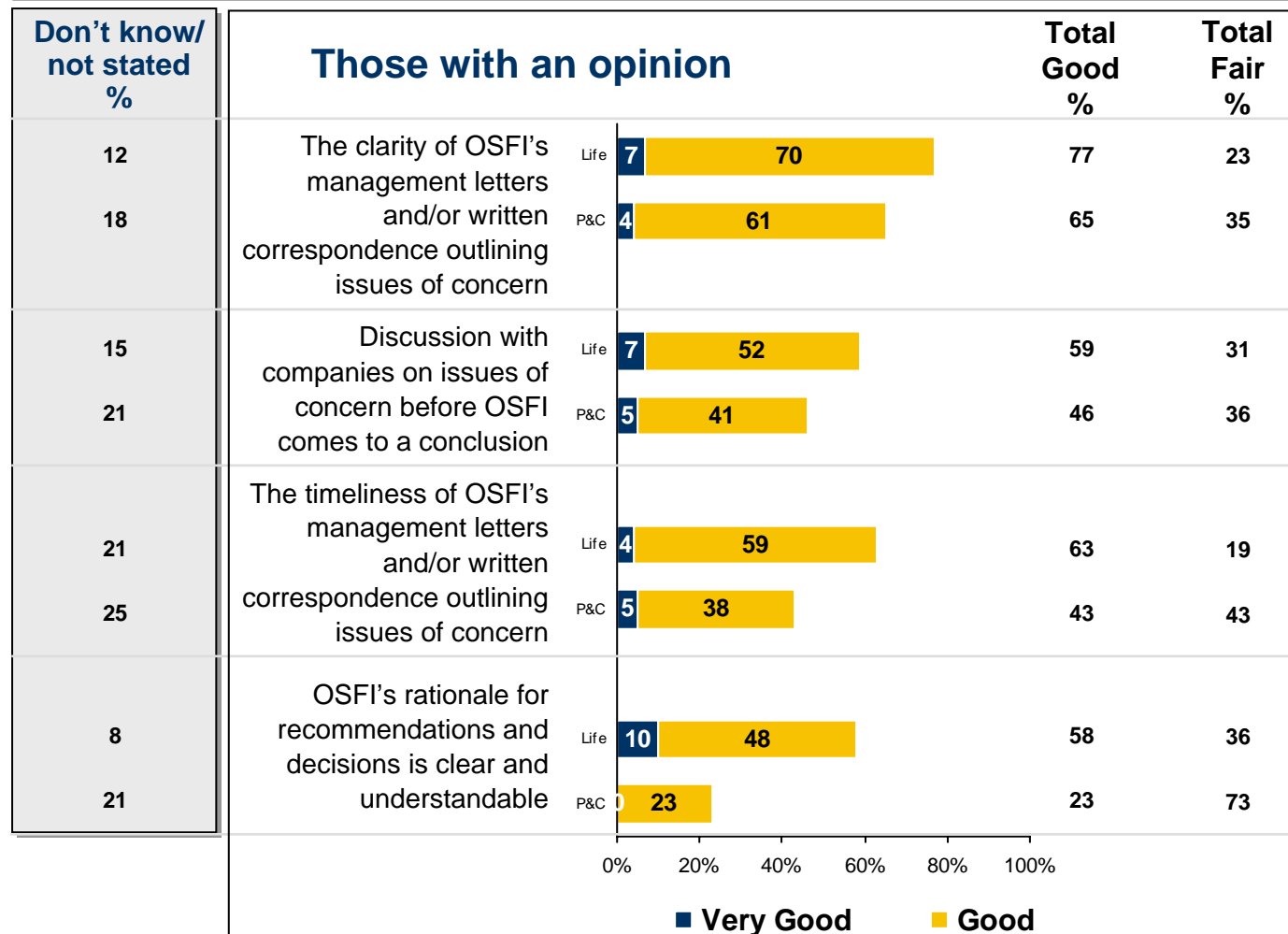
Among those with an opinion (Don't know/not stated responses excluded)

	TOTAL GOOD %		Very good %		Good %		Fair %		Poor %		Very poor %		Sample Sizes of those with an opinion (n's)	
	Total	Appointed Actuaries	Total	Appointed Actuaries	Total	Appointed Actuaries	Total	Appointed Actuaries	Total	Appointed Actuaries	Total	Appointed Actuaries		
The clarity of OSFI's management letters and/or written correspondence outlining issues of concern	73	67	7	3	66	64	27	33	-	-	-	-	55	30
Discussion with companies on issues of concern before OSFI comes to a conclusion	54	46	6	3	48	43	33	36	14	18	-	-	52	28
The timeliness of OSFI's management letters and/or written correspondence outlining issues of concern	54	54	4	4	50	50	30	32	14	14	2	-	50	28
OSFI's rationale for recommendations and decisions is clear and understandable	46	37	6	3	40	34	49	57	6	7	-	-	55	30

Q.22 General Communication – How would you rate OSFI on the following communication issues with respect to actuarial matters?

Life participants are significantly more likely than P&C participants to rate OSFI positively for providing a clear and understandable rationale for recommendations.

Ratings of OSFI's Communications



- ◆ P&C participants are significantly more likely than Life participants (73% vs. 36%) to provide a rating of “fair” on this measure.
- ◆ P&C participants are marginally* more likely than Life participants (43% vs. 19%) to provide a rating of “fair” on the timeliness of OSFI’s management letters and/or written correspondence outlining issues of concern.

* Refers to a difference at the 90% confidence limit.

Q.22 General Communication – How would you rate OSFI on the following communication issues with respect to actuarial matters?

Detailed responses for Q.22 based on Life and P&C

Among those with an opinion (Don't know/not stated responses excluded)

	TOTAL GOOD %		Very good %		Good %		Fair %		Poor %		Very poor %		Sample Sizes of those with an opinion (n's)	
	Life	P&C	Life	P&C	Life	P&C	Life	P&C	Life	P&C	Life	P&C		
The clarity of OSFI's management letters and/or written correspondence outlining issues of concern	77	65	7	4	70	61	23	35	-	-	-	-	30	23
Discussion with companies on issues of concern before OSFI comes to a conclusion	59	46	7	5	52	41	31	36	10	18	-	-	29	22
The timeliness of OSFI's management letters and/or written correspondence outlining issues of concern	63	43	4	5	59	38	19	43	15	14	4	-	27	21
OSFI's rationale for recommendations and decisions is clear and understandable	58	23	10	-	48	23	36	73	7	5	-	-	31	22

Q.23 What could OSFI do to improve the quality of management letters and or written correspondence pertaining to actuarial matters?

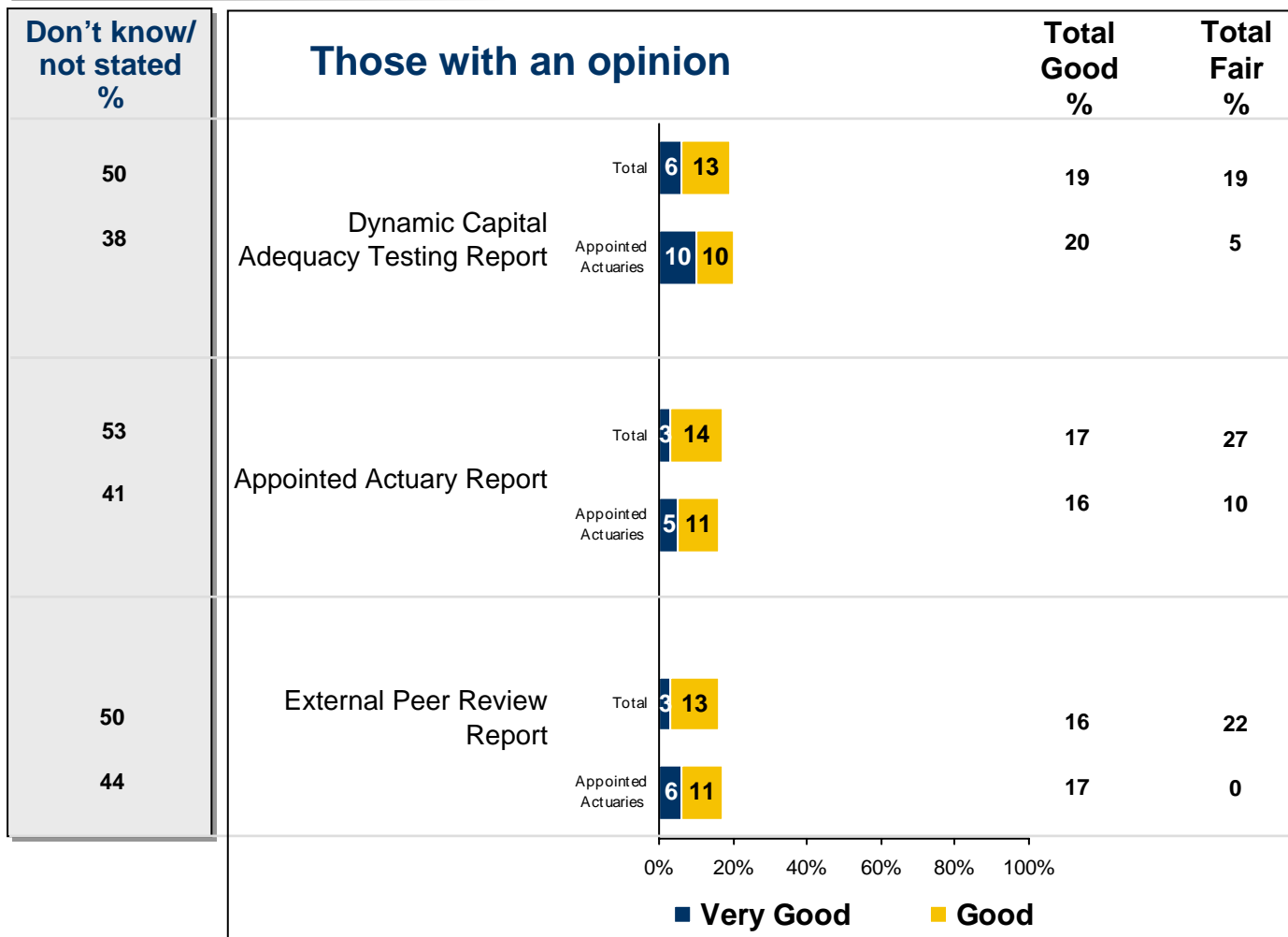
Overall, participants have positive impressions of OSFI's written correspondence and management letters.

- ◆ A few issues, however, do emerge:
 - The timeliness of correspondence
 - In particular, a number mention that the Memorandum to the Appointed Actuary (referred to by some as the Fall Memo) is not being provided in a timely manner, making it difficult for companies to effectively deal with the issues it covers (including valuation) prior to fiscal year end.
 - The opportunity to discuss issues covered in management letters prior to their formal submission by OSFI.
 - A number of Appointed Actuaries note that they do not have the opportunity to have a discussion with OSFI in advance of the submission of management letters. They feel that the content of the letters might be revised or the tone changed somewhat if they were given the opportunity to respond to concerns raised by OSFI.

Q.24 Usefulness of feedback in specific areas – How would you rate the usefulness of feedback your company receives (or companies to which you provide professional services) from OSFI in the following areas?

Ratings of the usefulness of OSFI’s feedback are weak.

Ratings of OSFI on Feedback



- ◆ Significant proportions of participants do not have opinions on OSFI’s feedback. A number of those say that they are unable to provide a response as they have not received any feedback from OSFI.
 - CEOs/CFOs/external auditors are significantly more likely than Appointed Actuaries to say that they don’t have an opinion on OSFI’s feedback on the Appointed Actuary report (70% and 41%) and the DCAT report (65% and 38%).
- ◆ Among those with an opinion, fewer than two-in-ten provide positive ratings (“very good” or “good”) for OSFI feedback on each of the three reports explored in the research:
 - DCAT Report (19%);
 - Appointed Actuary Report (17%); and,
 - External Peer Review Report (16%).
- ◆ Appointed Actuaries are far more likely than CEOs/CFOs/external auditors to provide ratings of “poor” or “very poor”.

Q.24 Usefulness of feedback in specific areas – How would you rate the usefulness of feedback your company receives (or companies to which you provide professional services) from OSFI in the following areas?

Detailed responses for Q.24

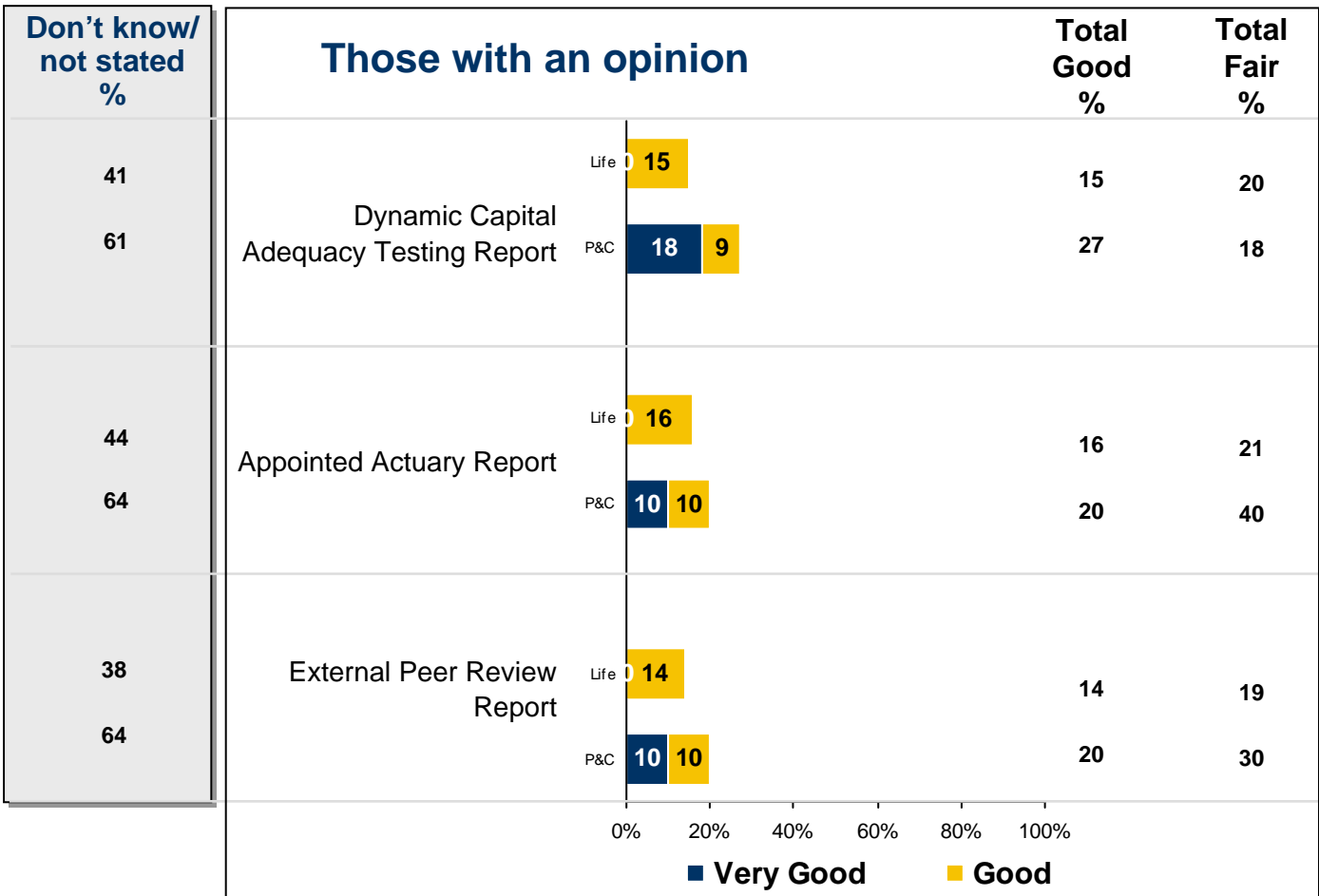
Among those with an opinion (Don't know/not stated responses excluded)

	TOTAL GOOD %		Very good %		Good %		Fair %		Poor %		Very poor %		Sample Sizes of those with an opinion (n's)	
	Total	Appointed Actuaries	Total	Appointed Actuaries	Total	Appointed Actuaries	Total	Appointed Actuaries	Total	Appointed Actuaries	Total	Appointed Actuaries		
Dynamic Capital Adequacy Testing Report	19	20	6	10	13	10	19	5	44	45	19	30	32	20
Appointed Actuary Report	17	16	3	5	14	11	27	10	43	53	13	21	30	19
External Peer Review Report	16	17	3	6	13	11	22	-	38	50	25	33	32	18

Q.24 Usefulness of feedback in specific areas – How would you rate the usefulness of feedback your company receives (or companies to which you provide professional services) from OSFI in the following areas?

Life participants are marginally* more likely than P&C participants to rate the usefulness of OSFI’s feedback on the external peer review report as “very poor”.

Ratings of OSFI on Feedback



◆ P&C participants are significantly more likely than Life participants to indicate that they don't have an opinion about OSFI's feedback on the External Peer Review Report (64% vs. 38%).

* Refers to a difference at the 90% confidence limit.

Q.24 Usefulness of feedback in specific areas – How would you rate the usefulness of feedback your company receives (or companies to which you provide professional services) from OSFI in the following areas?

Detailed responses for Q.24 based on Life and P&C

Among those with an opinion (Don't know/not stated responses excluded)

	TOTAL GOOD %		Very good %		Good %		Fair %		Poor %		Very poor %		Sample Sizes of those with an opinion (n's)	
	Life	P&C	Life	P&C	Life	P&C	Life	P&C	Life	P&C	Life	P&C		
Dynamic Capital Adequacy Testing Report	15	27	-	18	15	9	20	18	40	46	25	9	20	11
Appointed Actuary Report	16	20	-	10	16	10	21	40	47	30	16	10	19	10
External Peer Review Report	14	20	-	10	14	10	19	30	33	40	33	10	21	10

Q.25 In what specific areas would your company (or companies for which you provide professional services) like to receive more feedback from OSFI?

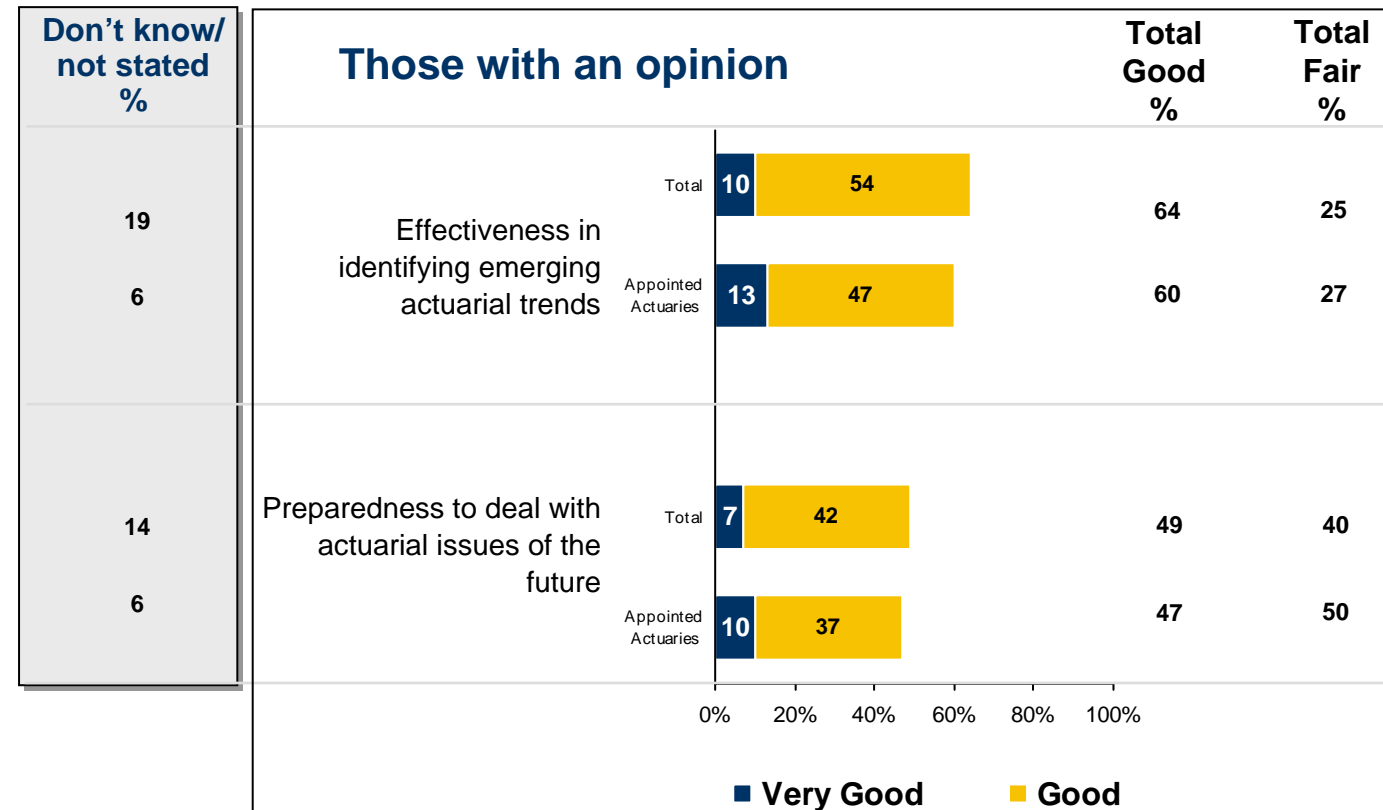
Many participants report that they receive no feedback from OSFI on their AA, DCAT and Peer Review reports.

- ◆ Some participants request that, at the very least, OSFI indicate whether the reports are up to standard, and, if they are not, where it believes there should be improvement.
- ◆ Appointed Actuaries are seeking constructive criticism so that they can improve their efforts.
 - They are seeking to understand what they are doing right, so that they continue in that same vein, and what is considered extraneous (unnecessary or too detailed).
 - Participants note that a lot of resources go into these reports and that if efficiencies can be achieved they would like to understand where and how to do so.
- ◆ Related to this, a number of participants observe that OSFI has indicated to the actuarial community that many DCAT reports are not up to standard. This has given rise to an expectation that OSFI should provide the industry with feedback about best practices so that companies can improve their submissions.
- ◆ Further, some participants request that OSFI notify them of any minor concerns so that they can be addressed before they become significant and trigger a review.

Q.26 Forward Looking – How would you rate OSFI in terms of its:

Perceptions of OSFI’s efforts to be forward looking are moderately positive.

Ratings of OSFI’s Efforts To Be Forward Looking



- ◆ Among participants with an opinion, nearly two-thirds (64%) provide a positive rating of OSFI’s effectiveness in identifying emerging actuarial trends (“very good” or “good”).
- ◆ Positive ratings of OSFI’s preparedness to deal with actuarial issues of the future are relatively lower (49% “very good” or “good”).
- ◆ Appointed Actuaries are significantly more likely than CEOs/CFOs/external auditors (50% vs. 19%) to provide a rating of “fair” on OSFI’s preparedness to deal with actuarial issues of the future.
- ◆ CEOs/CFOs/external auditors are marginally* more likely than Appointed Actuaries (25% vs. 3%) to provide a rating of “poor” on OSFI’s preparedness to deal with actuarial issues of the future.
- ◆ CEOs/CFOs/external auditors are much more likely than Appointed Actuaries to indicate that they don’t have an opinion about OSFI’s efforts to be forward looking.

* Refers to a difference at the 90% confidence limit.

Q.26 Forward Looking – How would you rate OSFI in terms of its:

Detailed responses for Q.26

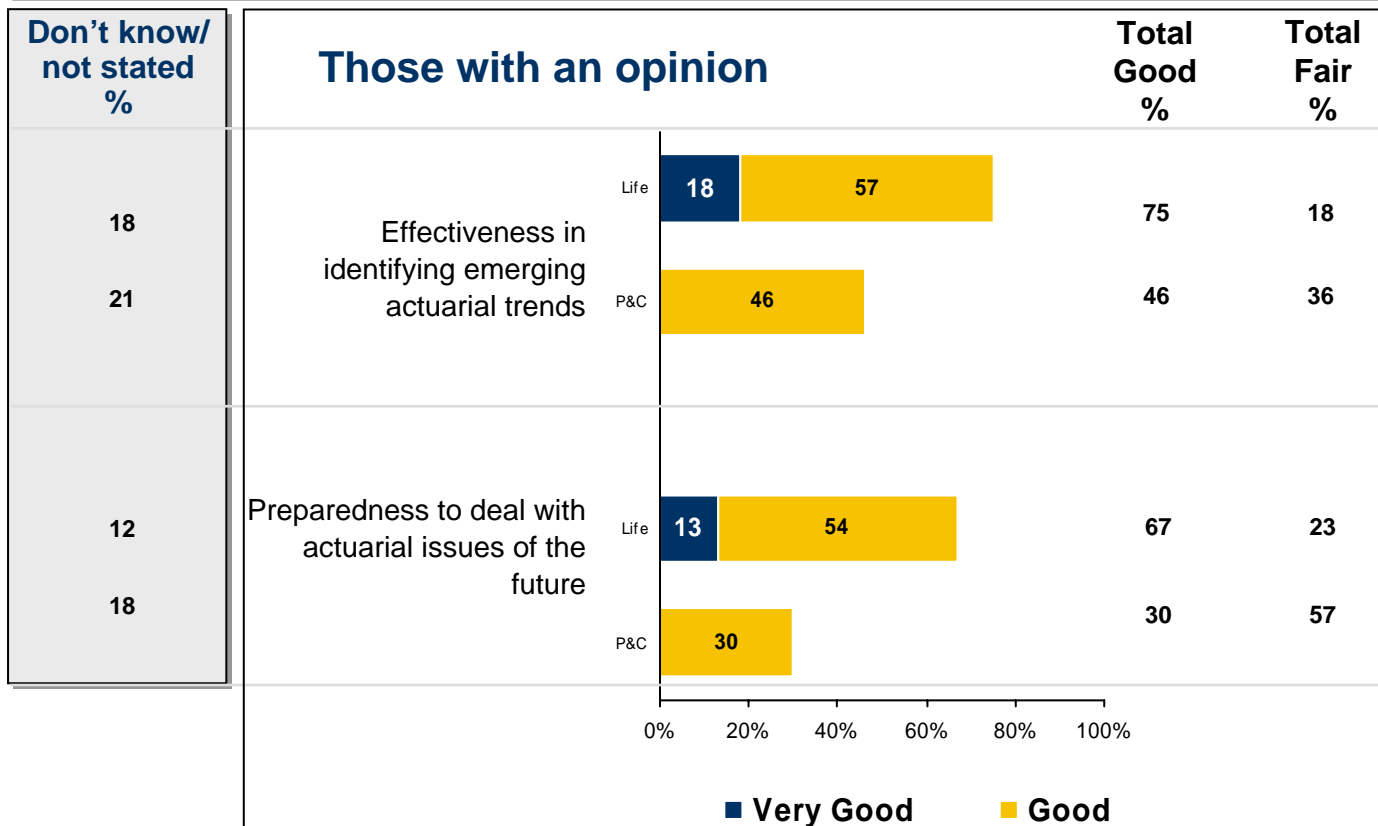
Among those with an opinion (Don't know/not stated responses excluded)

	TOTAL GOOD %		Very good %		Good %		Fair %		Poor %		Very poor %		Sample Sizes of those with an opinion (n's)	
	Total	Appointed Actuaries	Total	Appointed Actuaries	Total	Appointed Actuaries	Total	Appointed Actuaries	Total	Appointed Actuaries	Total	Appointed Actuaries	Total	Appointed Actuaries
Effectiveness in identifying emerging actuarial trends	64	60	10	13	54	47	25	27	12	13	-	-	52	30
Preparedness to deal with actuarial issues of the future	49	47	7	10	42	37	40	50	11	3	-	-	55	30

Q.26 Forward Looking – How would you rate OSFI in terms of its:

Life participants are significantly more likely than P&C participants to provide positive ratings of OSFI’s efforts to be forward thinking.

Ratings of OSFI’s Efforts To Be Forward Looking



- ◆ The differences in ratings between Life and P&C participants are largely driven by significant differences in strong positive perceptions:
 - Effectiveness in identifying emerging trends (18% and 0%, respectively); and,
 - Preparedness to deal with actuarial issues of the future (13% and 0%, respectively).

Q.26 Forward Looking – How would you rate OSFI in terms of its:

Detailed responses for Q.26 based on Life and P&C

Among those with an opinion (Don't know/not stated responses excluded)

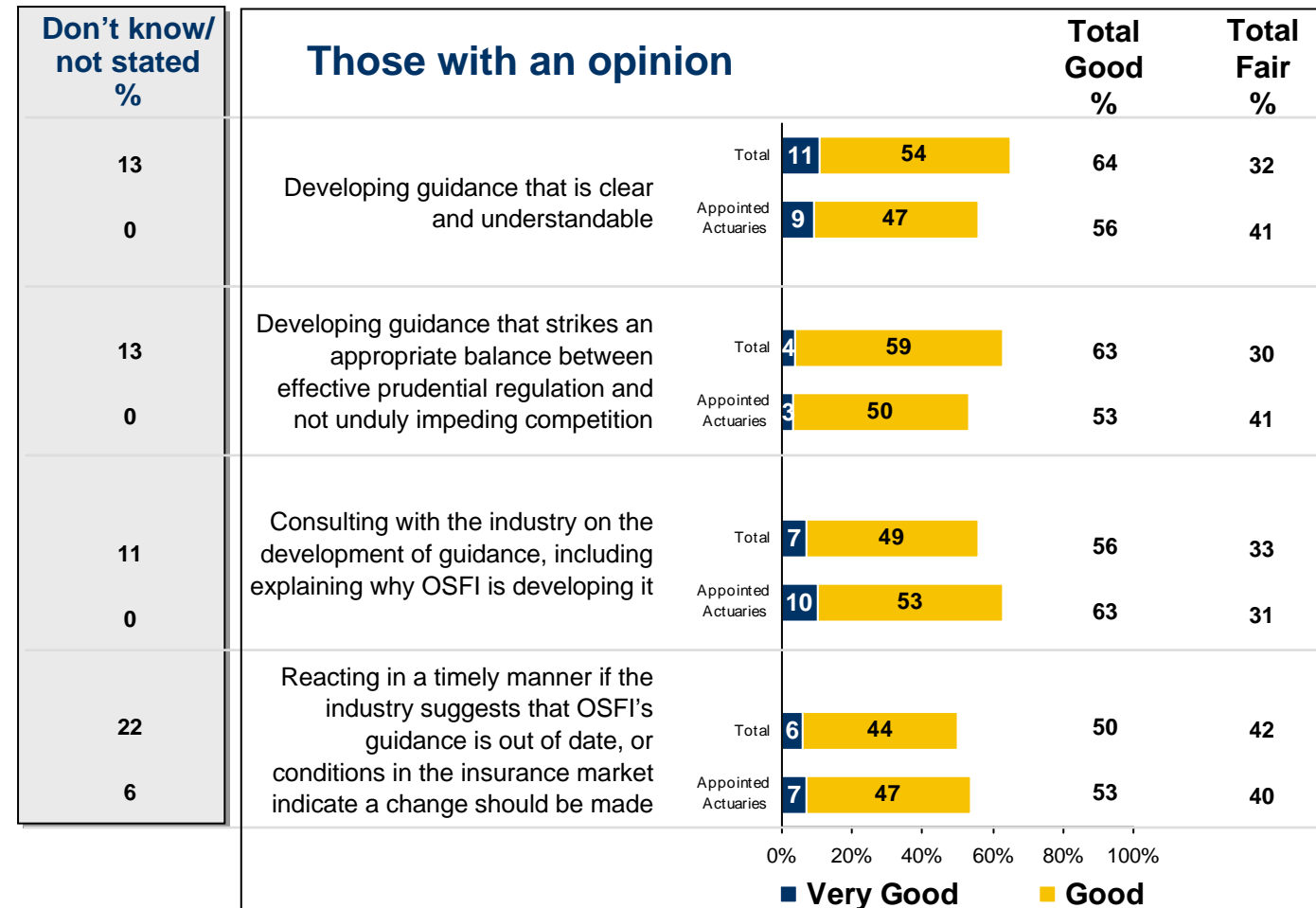
	TOTAL GOOD %		Very good %		Good %		Fair %		Poor %		Very poor %		Sample Sizes of those with an opinion (n's)	
	Life	P&C	Life	P&C	Life	P&C	Life	P&C	Life	P&C	Life	P&C		
Effectiveness in identifying emerging actuarial trends	75	46	18	-	57	46	18	36	7	18	-	-	28	22
Preparedness to deal with actuarial issues of the future	67	30	13	-	54	30	23	57	10	13	-	-	30	23

Part VI – Actuarial Guidelines and Instructions

Q.27a-Q.27d From time to time OSFI issues Guidelines and Instructions, collectively referred to as guidance, on actuarial matters. How would you rate the quality of OSFI's guidance with respect to...

Ratings of OSFI's guidance are moderately positive.

Ratings of OSFI's Guidelines and Instructions



- ◆ Among those with an opinion, over six-in-ten participants report that OSFI does a good job (“very good” or “good”) at developing guidance that:
 - Is clear and understandable (64%); and,
 - Strikes an appropriate balance between effective prudential regulation and not unduly impeding competition (63%).
- ◆ Positive ratings are relatively lower for:
 - Consulting with the industry on the development of guidance, including why OSFI is developing it (56%); and,
 - Reacting in a timely manner if the industry suggests that OSFI's guidance is out of date, or conditions in the insurance market indicate a change should be made (50%).
- ◆ Appointed Actuaries are marginally* more likely than CEOs/CFOs/external auditors (10% vs. 0%) to provide a rating of “very good” on OSFI's efforts to consult with the industry on the development of guidance, including explaining why OSFI is developing it.
- ◆ CEOs/CFOs/external auditors are significantly more likely than Appointed Actuaries to indicate that they don't have an opinion on each of the measures.

* Refers to a difference at the 90% confidence limit.

Q.27a-Q.27d From time to time OSFI issues Guidelines and Instructions, collectively referred to as guidance, on actuarial matters. How would you rate the quality of OSFI's guidance with respect to...

Detailed responses for Q.27a-Q.27d

Among those with an opinion (Don't know/not stated responses excluded)

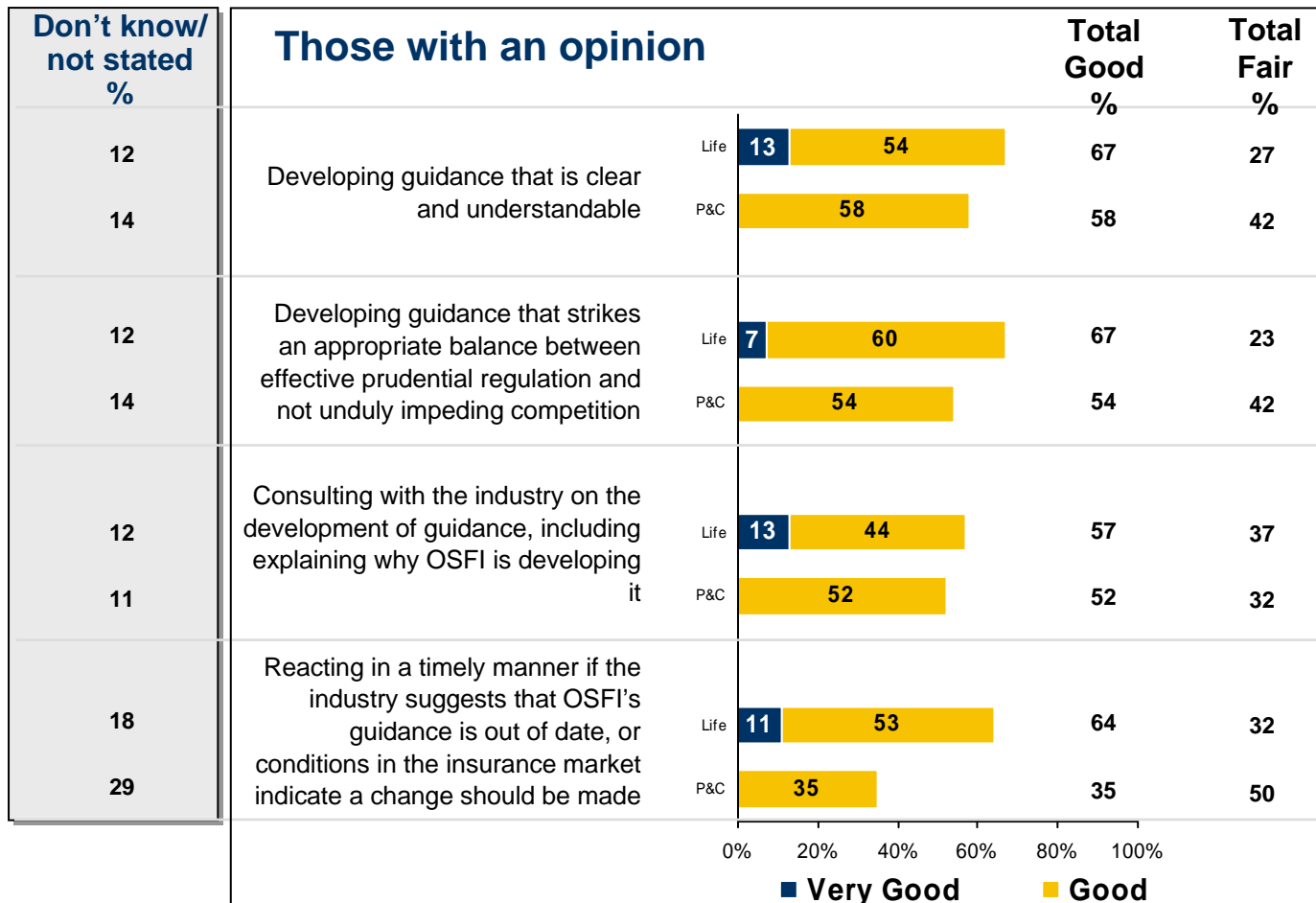
Sample Sizes
of those with an
opinion
(n's)

	TOTAL GOOD %		Very good %		Good %		Fair %		Poor %		Very poor %		Sample Sizes of those with an opinion (n's)	
	Total	Appointed Actuaries	Total	Appointed Actuaries	Total	Appointed Actuaries	Total	Appointed Actuaries	Total	Appointed Actuaries	Total	Appointed Actuaries	Total	Appointed Actuaries
Developing guidance that is clear and understandable	64	56	11	9	54	47	32	41	4	3	-	-	56	32
Developing guidance that strikes an appropriate balance between effective prudential regulation and not unduly impeding competition	63	53	4	3	59	50	30	41	7	6	-	-	56	32
Consulting with the industry on the development of guidance, including explaining why OSFI is developing it	56	63	7	10	49	53	33	31	11	6	-	-	57	32
Reacting in a timely manner if the industry suggests that OSFI's guidance is out of date, or conditions in the insurance market indicate a change should be made	50	53	6	7	44	47	42	40	8	7	-	-	50	30

Q.27a-Q.27d From time to time OSFI issues Guidelines and Instructions, collectively referred to as guidance, on actuarial matters. How would you rate the quality of OSFI's guidance with respect to...

Ratings of OSFI's efforts to react in a timely manner are higher among Life participants than among P&C participants.

Ratings of OSFI's Guidelines and Instructions



- ◆ Life participants are also significantly more likely than P&C participants to provide strong positive ratings on two measures:
 - Developing guidance that is clear and understandable (13% vs. 0%); and,
 - Consulting with the industry on the development of guidance (13% vs. 0%).

Q.27a-Q.27d From time to time OSFI issues Guidelines and Instructions, collectively referred to as guidance, on actuarial matters. How would you rate the quality of OSFI's guidance with respect to...

Detailed responses for Q.27a-Q.27d based on Life and P&C

Among those with an opinion (Don't know/not stated responses excluded)

	TOTAL GOOD %		Very good %		Good %		Fair %		Poor %		Very poor %		Sample Sizes of those with an opinion (n's)	
	Life	P&C	Life	P&C	Life	P&C	Life	P&C	Life	P&C	Life	P&C	Life	P&C
Developing guidance that is clear and understandable	67	58	13	-	54	58	27	42	7	-	-	-	30	24
Developing guidance that strikes an appropriate balance between effective prudential regulation and not unduly impeding competition	67	54	7	-	60	54	23	42	10	4	-	-	30	24
Consulting with the industry on the development of guidance, including explaining why OSFI is developing it	57	52	13	-	44	52	37	32	7	16	-	-	30	25
Reacting in a timely manner if the industry suggests that OSFI's guidance is out of date, or conditions in the insurance market indicate a change should be made	64	35	11	-	53	35	32	50	4	15	-	-	28	20

Q.28 In what specific areas, pertaining to actuarial matters, do you believe it would be useful for OSFI to issue or clarify guidelines and instructions?

Many participants believe that there is a need to clarify existing guidance.

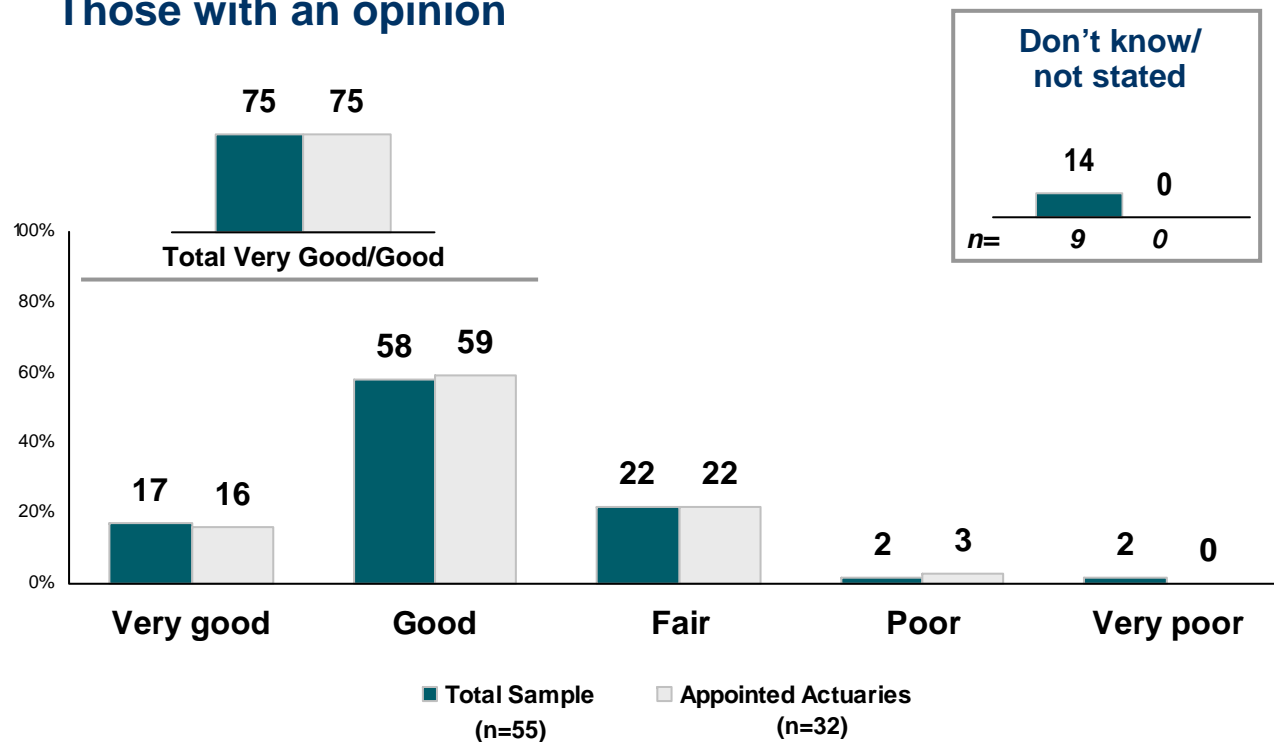
- ◆ Overall, there does not appear to be any great desire for additional guidance. Rather, what would be appreciated is clarification of a number of existing guidelines and instructions:
 - DCAT Reports
 - Best practices and sector scenarios
 - MCCSR – Capital guidance
 - MCCSR – Impact on rates
 - D10 – Fair Value Accounting
 - Implementation of AuG-43 in conjunction with Peer Review
 - Ways in which overlap can be minimized

Q.29 Overall, how useful do you think OSFI's guidance is to the insurance industry in providing an indication of the regulator's expectations pertaining to actuarial matters?

Opinions of the usefulness of OSFI's guidance in providing an indication of the regulator's expectations are positive.

Perceived Usefulness of OSFI's Guidance in Providing Indication of Regulator's Expectations

Those with an opinion



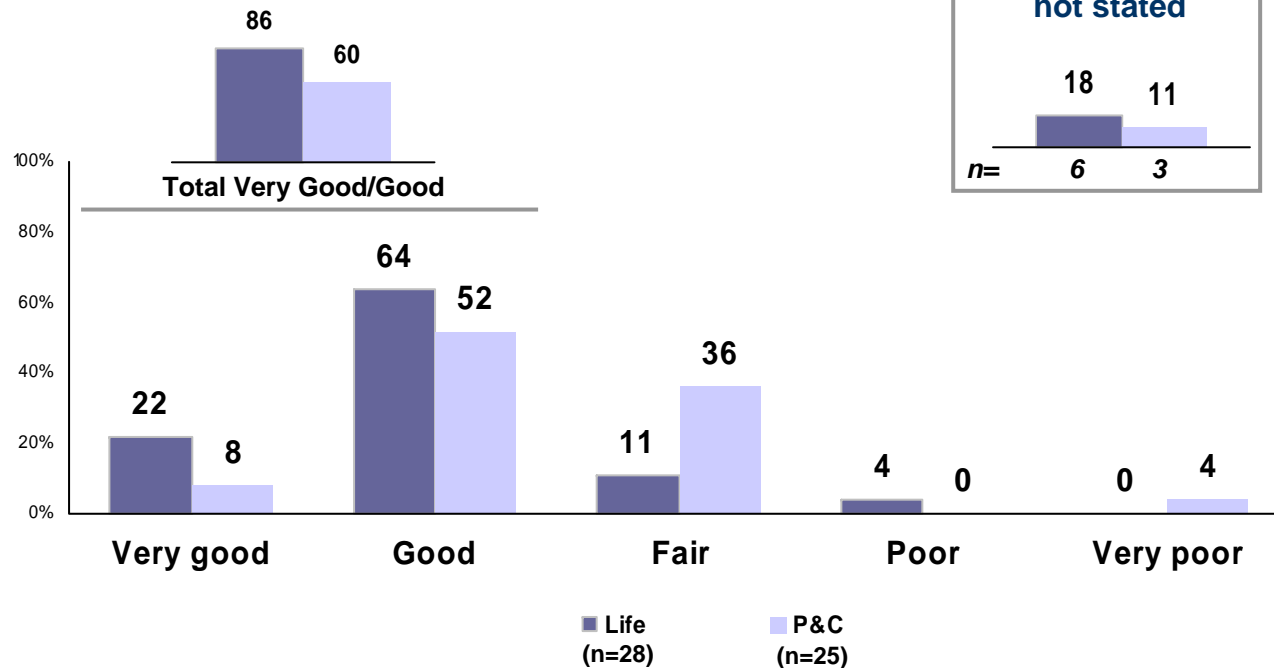
- ◆ Among those with an opinion, three-quarters (75%) provide positive ratings of the usefulness of OSFI's guidance in providing an indication of the regulator's expectations ("very good" or "good").
- ◆ Nearly six-in-ten (58%) participants provide a rating of "good".
- ◆ CEOs/CFOs/external auditors are much more likely than Appointed Actuaries (39% vs. 0%) to report that they don't have an opinion about the usefulness of OSFI's guidance.

Q.29 Overall, how useful do you think OSFI's guidance is to the insurance industry in providing an indication of the regulator's expectations pertaining to actuarial matters?

Ratings of the usefulness of OSFI's guidance are higher among Life participants than P&C participants.

Perceived Usefulness of OSFI's Guidance in Providing Indication of Regulator's Expectations

Those with an opinion

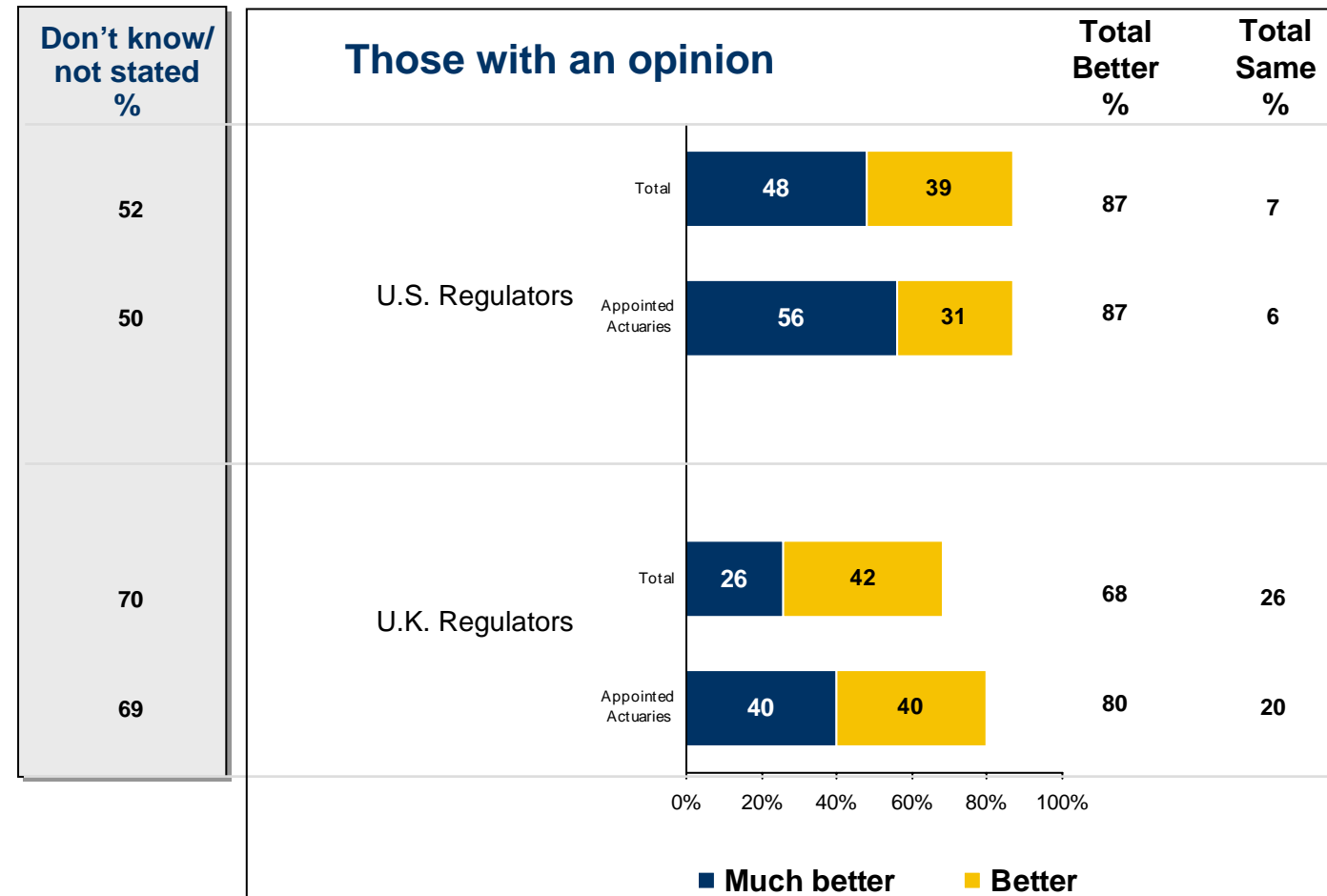


- ◆ P&C participants are much more likely than Life participants to provide a rating of “fair” on this measure (36% vs. 11%).

Q.30 Overall, that is all things considered, how would you compare the usefulness of OSFI's guidance pertaining to actuarial matters with that of insurance regulators in other jurisdictions?

OSFI performance is perceived to be better than that of other regulators.

Comparative Usefulness of OSFI's Guidance Pertaining to Actuarial Matters



- ◆ Majorities of participants don't have an opinion about the usefulness of OSFI's guidance relative to U.S. regulators (52%) and U.K. regulators (70%).
- ◆ Among those with an opinion, almost nine-in-ten (87%) participants believe that OSFI is better than U.S. regulators ("much better" or "better"), with nearly one-half (48%) believing OSFI is "much better".
- ◆ Relative to U.K. regulators, ratings are slightly lower, with two-thirds (68%) reporting that OSFI is better ("much better" or "better").

Q.30 Overall, that is all things considered, how would you compare the usefulness of OSFI's guidance pertaining to actuarial matters with that of insurance regulators in other jurisdictions?

Detailed responses for Q.30

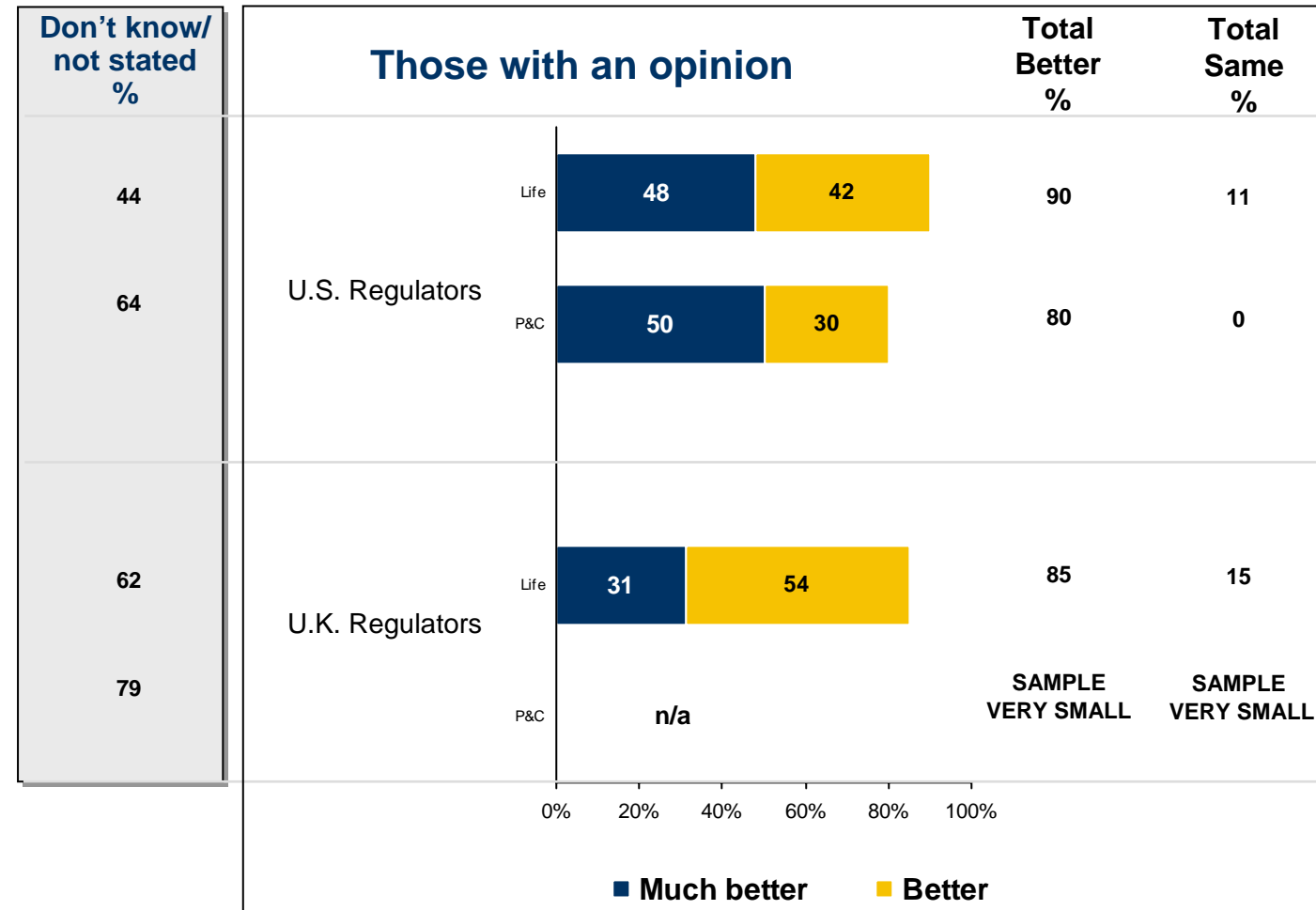
Among those with an opinion (Don't know/not stated responses excluded)

	TOTAL BETTER %		Much better %		Better %		Same %		Worse %		Much Worse %		Sample Sizes of those with an opinion (n's)	
	Total	Appointed Actuaries	Total	Appointed Actuaries	Total	Appointed Actuaries	Total	Appointed Actuaries	Total	Appointed Actuaries	Total	Appointed Actuaries	Total	Appointed Actuaries
U.S. Regulators	87	87	48	56	39	31	7	6	3	-	3	6	31	16
U.K. Regulators	68	80	26	40	42	40	26	20	5	-	-	-	19	10

Q.30 Overall, that is all things considered, how would you compare the usefulness of OSFI's guidance pertaining to actuarial matters with that of insurance regulators in other jurisdictions?

Life and P&C participants do not differ significantly in their ratings of OSFI's performance relative to U.S. regulators.

Comparative Usefulness of OSFI's Guidance Pertaining to Actuarial Matters



◆ The small sample size of P&C participants rating OSFI and U.K. regulators precludes analysis.

Q.30 Overall, that is all things considered, how would you compare the usefulness of OSFI's guidance pertaining to actuarial matters with that of insurance regulators in other jurisdictions?

Detailed responses for Q.30 based on Life and P&C

Among those with an opinion (Don't know/not stated responses excluded)

	TOTAL BETTER %		Much better %		Better %		Same %		Worse %		Much Worse %		Sample Sizes of those with an opinion (n's)	
	Life	P&C	Life	P&C	Life	P&C	Life	P&C	Life	P&C	Life	P&C		
	U.S. Regulators	90	80	48	50	42	30	11	-	-	10	-	10	19
U.K. Regulators	85	Sample very small	31	Sample very small	54	Sample very small	15	Sample very small	-	Sample very small	-	Sample very small	13	6

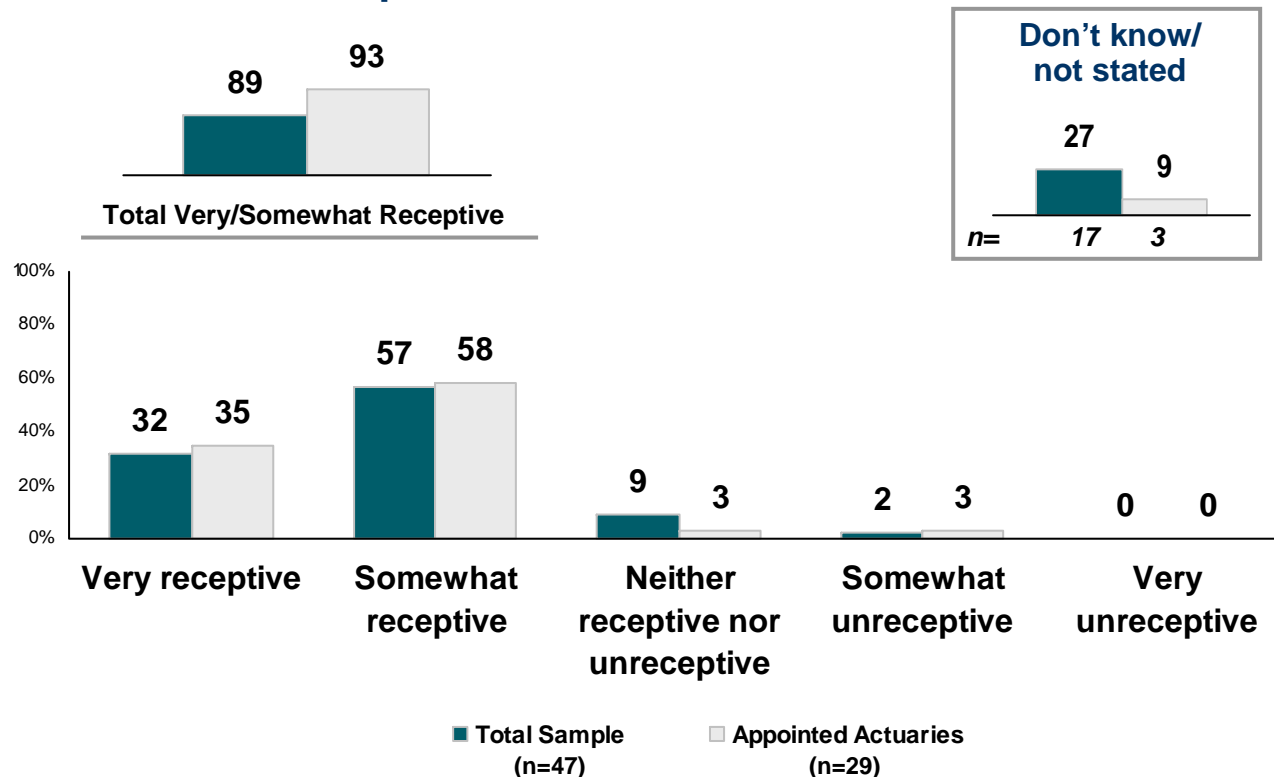
Part VII – OSFI's Relations with the CIA

Q.31 How receptive do you believe OSFI has been in terms of listening and responding to the CIA when it (the CIA) raises issues for consideration by OSFI?

OSFI is perceived to be receptive to the CIA.

Perceived Receptiveness of OSFI in Listening and Responding to the CIA

Those with an opinion



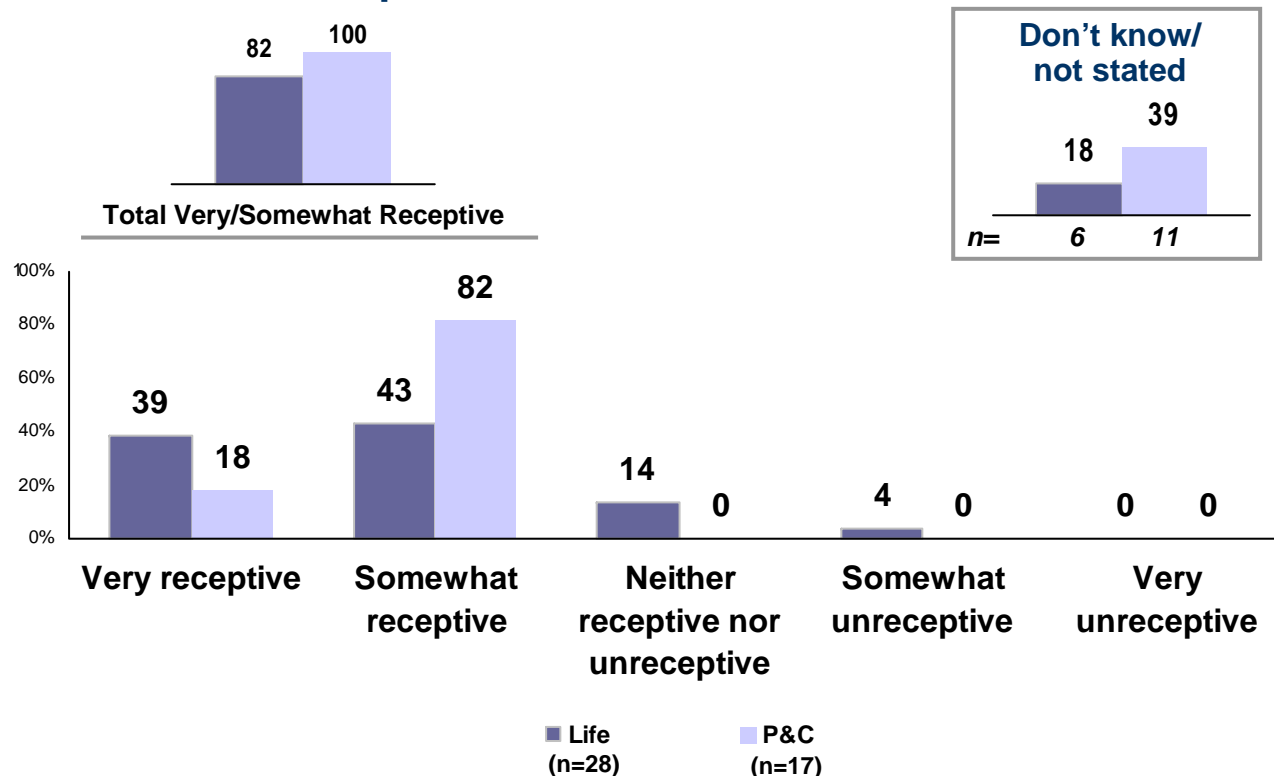
- ◆ Among those with an opinion, the vast majority (89%) report that OSFI is receptive in listening and responding to the CIA (“very receptive” or “somewhat receptive”).
- ◆ One-third (32%) of participants feel that OSFI is “very receptive” to the CIA.
- ◆ CEOs/CFOs/external auditors are much more likely than Appointed Actuaries to say that they don’t have an opinion on this measure (61% vs. 9%).

Q.31 How receptive do you believe OSFI has been in terms of listening and responding to the CIA when it (the CIA) raises issues for consideration by OSFI?

Positive impressions of OSFI’s receptivity to the CIA are higher among P&C participants than Life participants.

Perceived Receptiveness of OSFI in Listening and Responding to the CIA

Those with an opinion



- ◆ P&C participants are marginally* more likely than Life participants to indicate that they don’t have an opinion about OSFI’s receptiveness to the CIA (39% vs. 18%).
- ◆ Among those with an opinion, P&C participants are much more likely than Life participants (100% vs. 82%) to feel that OSFI is “very receptive or “somewhat receptive” to the CIA.
- ◆ This difference is largely attributable to the significantly greater proportion of P&C participants providing a rating of “somewhat receptive” (82% vs. 43%).
- ◆ Life participants are significantly more likely than P&C participants to hold neutral views on this measure (14% vs. 0%).

* Refers to a difference at the 90% confidence limit.

Q.31a Why do you offer that response [Q.31]? / Q.31 How receptive do you believe OSFI has been in terms of listening and responding to the CIA when it (the CIA) raises issues for consideration by OSFI?

OSFI is viewed as having a cooperative relationship with the CIA, one characterized by open dialogue.

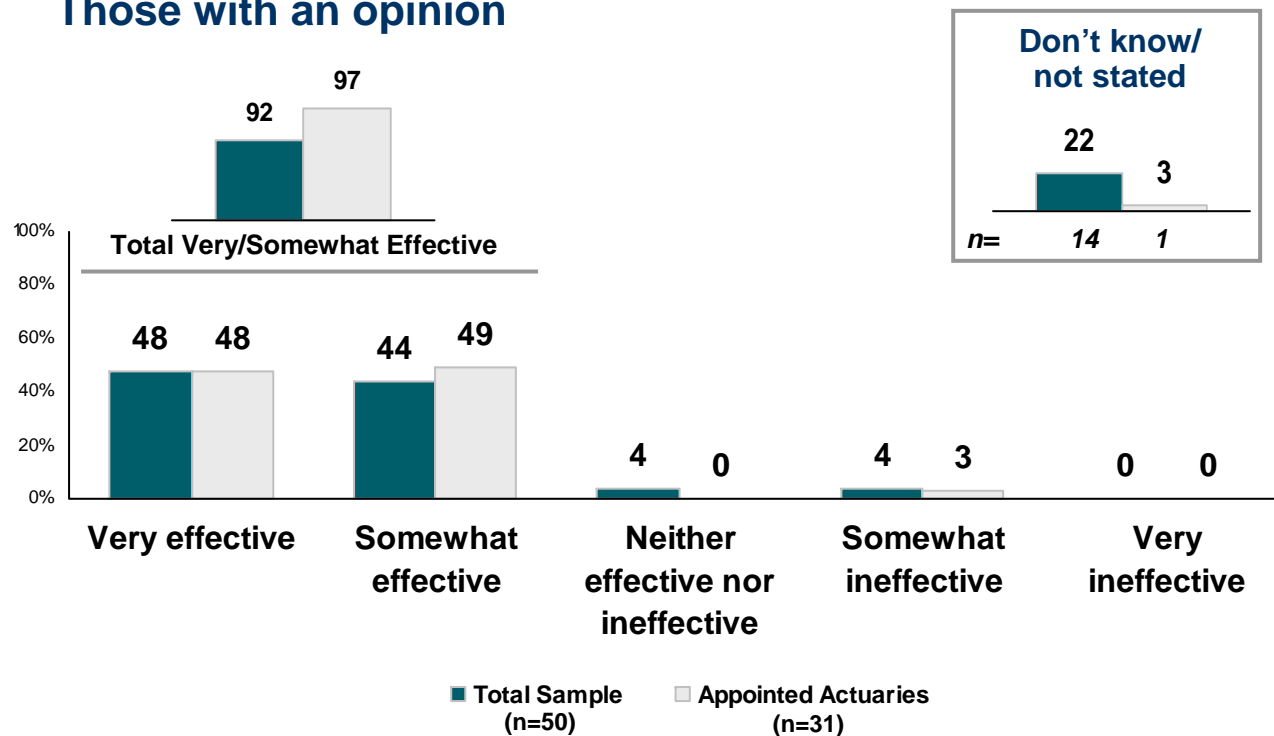
- ◆ Positive ratings for OSFI on this measure stem from a perception that OSFI listens to the CIA.
 - Overall, there is perceived to be good communication between OSFI and the CIA.
 - A number of participants observe that while OSFI and the CIA do not always agree on issues there is an effort on OSFI's part to be cooperative and to work to achieve outcomes that will meet the needs of both itself and the CIA and its members.
- ◆ Further, some attribute OSFI's good relationship with the CIA to its active participation in CIA committees and the open dialogue that takes place within those committees.

Q.32 How effective do you believe OSFI has been in influencing the CIA where it (OSFI) believes changes in actuarial practices may be necessary?

A very strong majority of participants believe that OSFI is effective in influencing the CIA.

Perceived Effectiveness of OSFI in Influencing the CIA

Those with an opinion



- ◆ Nearly half (48%) of participants believe OSFI is “very effective”.
- ◆ Appointed Actuaries are marginally* more likely than CEOs/CFOs/external auditors to believe that OSFI is effective in influencing the CIA (97% vs. 70%). This difference is largely driven by differences in proportions of “very effective” ratings (48% and 20%, respectively).
- ◆ CEOs/CFOs/external auditors are much more likely than Appointed Actuaries to indicate that they don’t have an opinion on this measure (57% vs. 3%).

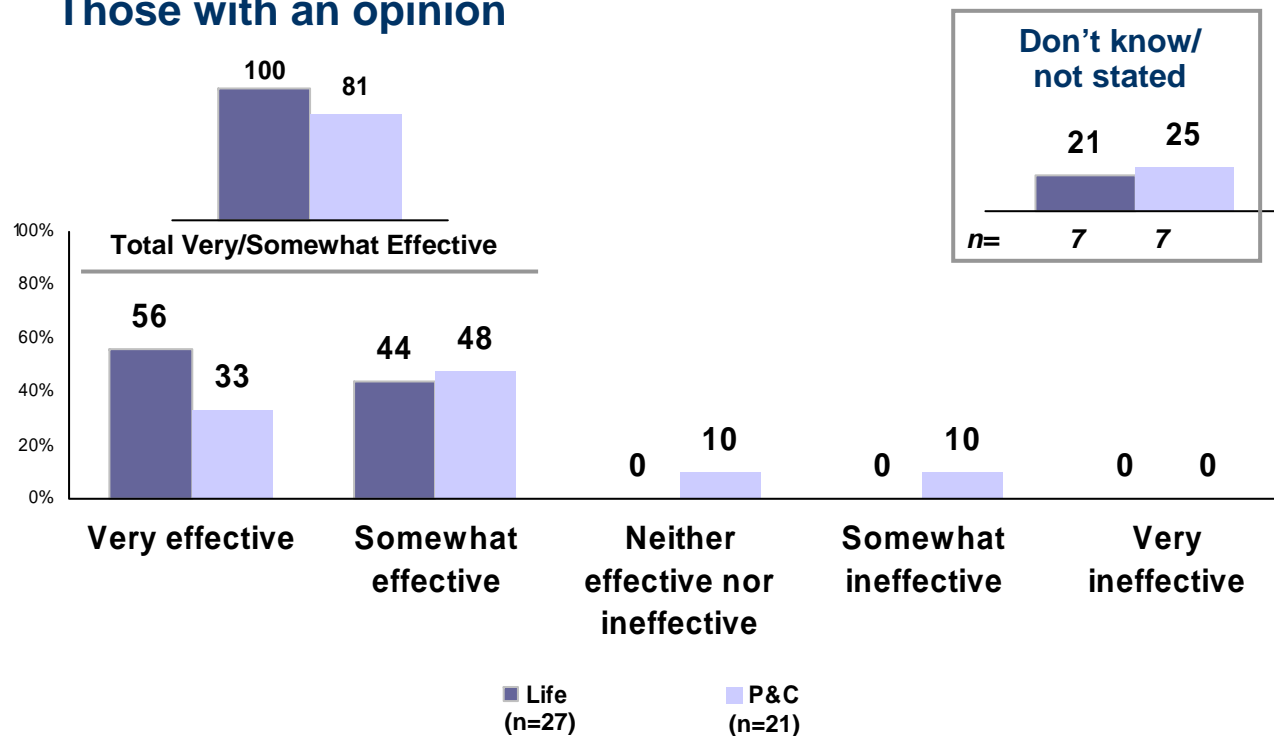
* Refers to a difference at the 90% confidence limit.

Q.32 How effective do you believe OSFI has been in influencing the CIA where it (OSFI) believes changes in actuarial practices may be necessary?

Life participants are much more likely than P&C participants to believe that OSFI is “very effective” or “somewhat effective” in influencing the CIA.

Perceived Effectiveness of OSFI in Influencing the CIA

Those with an opinion



Q.32a Why do you offer that response [Q.32]? / Q.32 How effective do you believe OSFI has been in influencing the CIA where it (OSFI) believes changes in actuarial practices may be necessary?

Opinions about whether OSFI's influence with the CIA is appropriate differ.

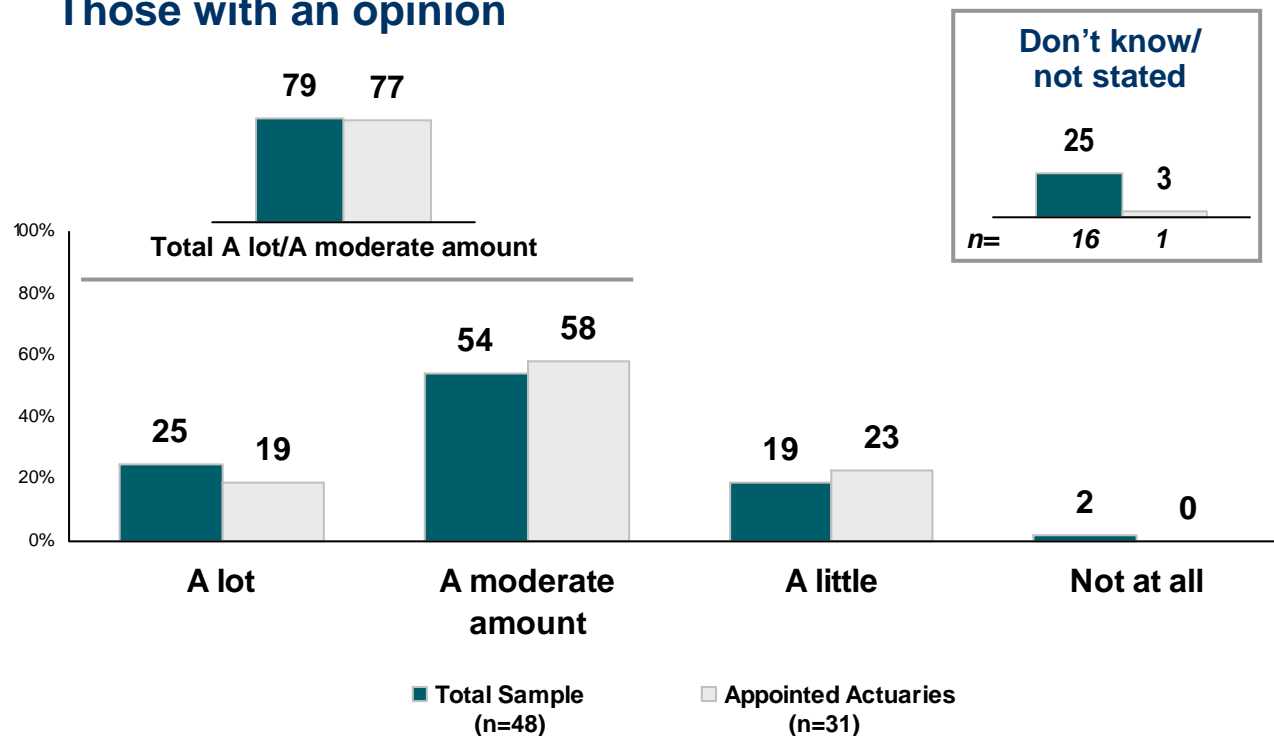
- ◆ Some believe that while OSFI as the regulator can enforce its views, it prefers to persuade the CIA to introduce actuarial standards to meet OSFI's objectives.
- ◆ A number, however, express concern that OSFI exerts undue influence on the CIA. In this context, some feel that the CIA has not sufficiently challenged OSFI's view on some issues.
- ◆ Consistently provided as examples of OSFI's influence on the Association are the Appointed Actuary Practice Certificates and the introduction of Peer Reviews.
 - A number feel that OSFI has done a good job in encouraging the CIA to provide more educational notes and standards of practice.

Q.33 To what extent do you believe OSFI's influence on the CIA over the past few years has been beneficial in terms of improving the quality of actuarial practices?

OSFI's influence on the CIA is perceived to have improved the quality of actuarial practices.

Perceptions that OSFI's Influence on the CIA has Been Beneficial in Improving the Quality of Actuarial Practices

Those with an opinion



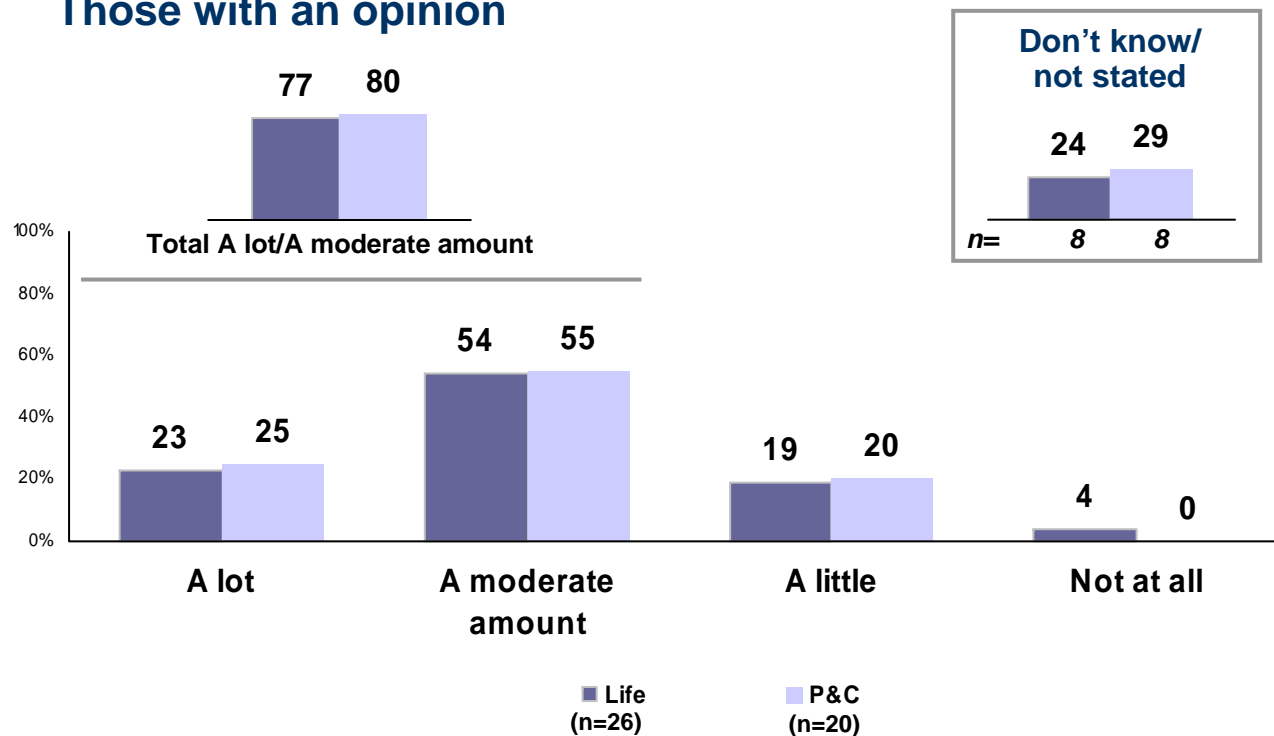
- ◆ Among participants with an opinion, eight-in-ten (79%) believe that OSFI's influence on the CIA has improved the quality of actuarial practices "a lot" or "a moderate amount".
- ◆ One-quarter (25%) of participants feel that OSFI's influence on the CIA has improved the quality of actuarial practices "a lot".
- ◆ CEOs/CFOs/external auditors are much more likely than Appointed Actuaries to report that they don't have an opinion on this measure (65% vs. 3%).

Q.33 To what extent do you believe OSFI's influence on the CIA over the past few years has been beneficial in terms of improving the quality of actuarial practices?

Life and P&C participants do not differ significantly on this measure.

Perceptions that OSFI's Influence on the CIA has Been Beneficial in Improving the Quality of Actuarial Practices

Those with an opinion



Q.33a Why do you offer that response [Q.33]? / Q33. To what extent do you believe OSFI's influence on the CIA over the past few years has been beneficial in terms of improving the quality of actuarial practices?

OSFI's influence on the CIA is thought to have had positive outcomes.

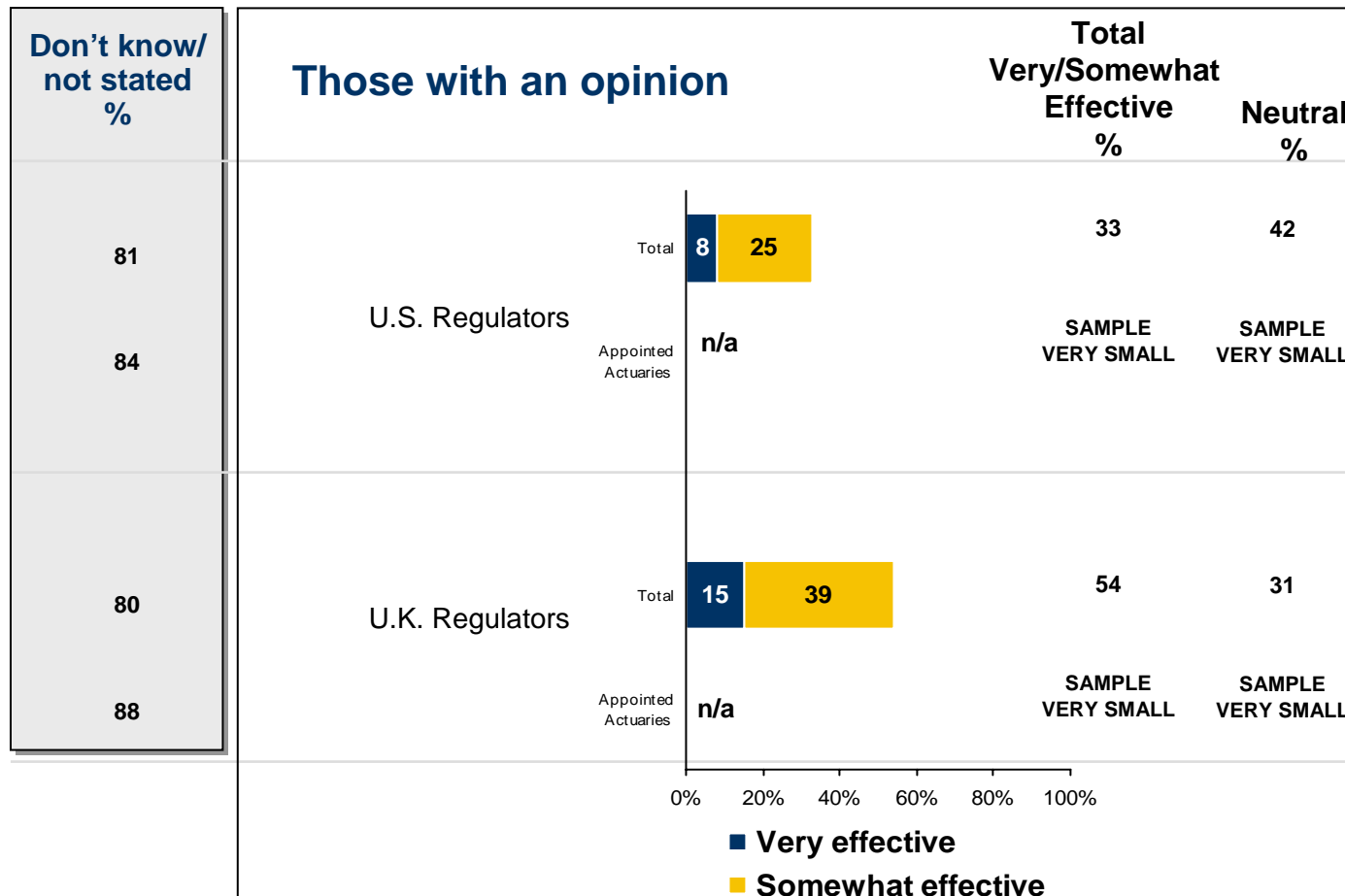
- ◆ There are two examples of OSFI's influence having had a positive impact:
 - Peer Review is consistently identified.
 - Peer Reviews are perceived to contribute to a process of checks and balances in the actuarial profession. They help to ensure that actuaries are following standards and promote best practices within the community.
 - Further, they are viewed as a means of improving the quality of actuarial reporting (i.e., AA Reports).
 - Appointed Actuary certification is mentioned to a lesser degree.

Part VIII – OSFI’s International Activities

Q.34 How effective do you believe OSFI's relations are with insurance regulators in other jurisdictions pertaining to actuarial matters?

Strong majorities of participants do not have opinions on this measure.

Perceived Effectiveness of OSFI's Relations with Insurance Regulators in Other Jurisdictions



- ◆ Among the small minority of participants with an opinion, just over one-half (54%) believe that OSFI's relationship with U.K. regulators is effective ("very effective" or "somewhat effective").
- ◆ The effectiveness of OSFI's relations with U.S. regulators is perceived to be limited (33% "effective").
- ◆ Results among Life and P&C participants and a thematic overview of the reasons given for these ratings cannot be provided due to the small sample sizes of participants who responded to these comparative questions, and the lack of consistency in reasons provided.

Q.34 How effective do you believe OSFI's relations are with insurance regulators in other jurisdictions pertaining to actuarial matters?

Detailed responses for Q.34

Among those with an opinion (Don't know/not stated responses excluded)

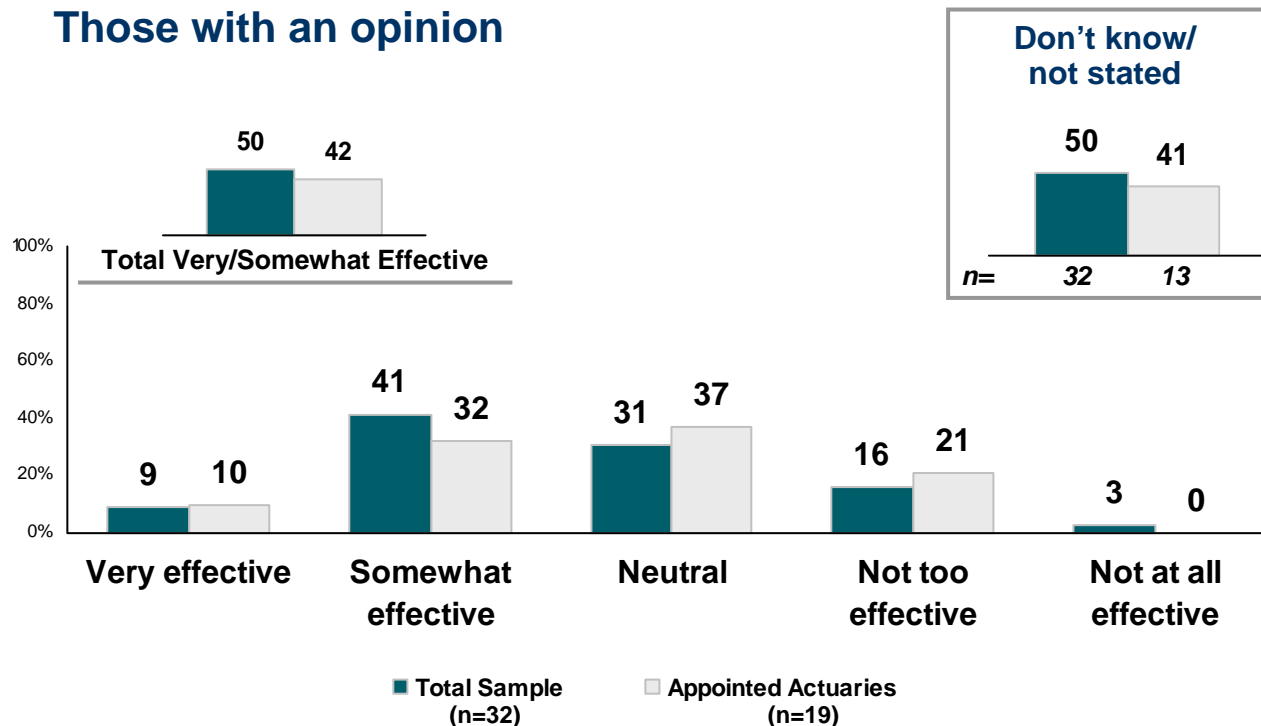
	TOTAL EFFECTIVE %		Very Effective %		4 on scale %		3 on scale %		2 on scale %		Not At All Effective %		Sample Sizes of those with an opinion (n's)	
	Total	Appointed Actuaries	Total	Appointed Actuaries	Total	Appointed Actuaries	Total	Appointed Actuaries	Total	Appointed Actuaries	Total	Appointed Actuaries	Total	Appointed Actuaries
U.S. Regulators	33	Sample very small	8	Sample very small	25	Sample very small	42	Sample very small	25	Sample very small	-	Sample very small	12	Sample very small
U.K. Regulators	54	Sample very small	15	Sample very small	39	Sample very small	31	Sample very small	15	Sample very small	-	Sample very small	13	Sample very small

Q.35 How effectively has OSFI communicated and consulted with the insurance industry on the development, through the IAIS and the IAA, of international insurance principles and standards pertaining to actuarial matters?

OSFI is perceived to have been modestly effective communicating and consulting with the insurance industry on the development of international insurance principles.

Perceived Effectiveness of OSFI's Communications and Consultations with the Insurance Industry On the Development of International Insurance Principles and Standards

Those with an opinion



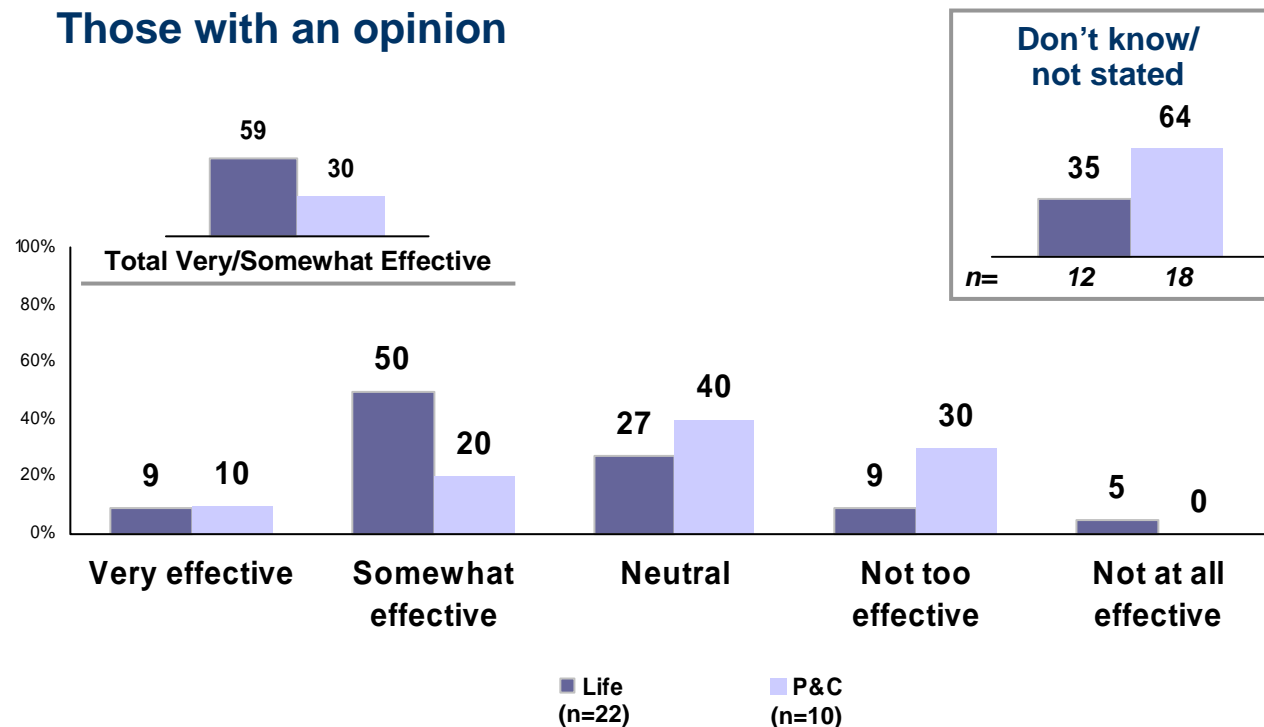
- ◆ Half (50%) of participants do not offer an opinion on this measure, with CEOs/CFOs/external auditors significantly more likely than Appointed Actuaries (70% vs. 41%) not to do so.
- ◆ Among those providing a response, half (50%) believe that OSFI has been effective in communicating and consulting with the insurance industry on the development of international insurance principles and standards (“very effective” and “somewhat effective”).
- ◆ Two-in-ten (19%) believe that OSFI has not been effective (“not too effective” or “not at all effective”).

Q.35 How effectively has OSFI communicated and consulted with the insurance industry on the development, through the IAIS and the IAA, of international insurance principles and standards pertaining to actuarial matters?

Life and P&C participants do not differ significantly on this measure.

Perceived Effectiveness of OSFI's Communications and Consultations with the Insurance Industry On the Development of International Insurance Principles and Standards

Those with an opinion



Q.35a Why do you offer that response [Q.35]? / Q35. How effectively has OSFI communicated and consulted with the insurance industry on the development, through the IAIS and the IAA, of international insurance principles and standards pertaining to actuarial matters?

While most of those with an opinion indicate that they are aware that OSFI is active in this area, they do not feel well informed about the particulars of OSFI's efforts.

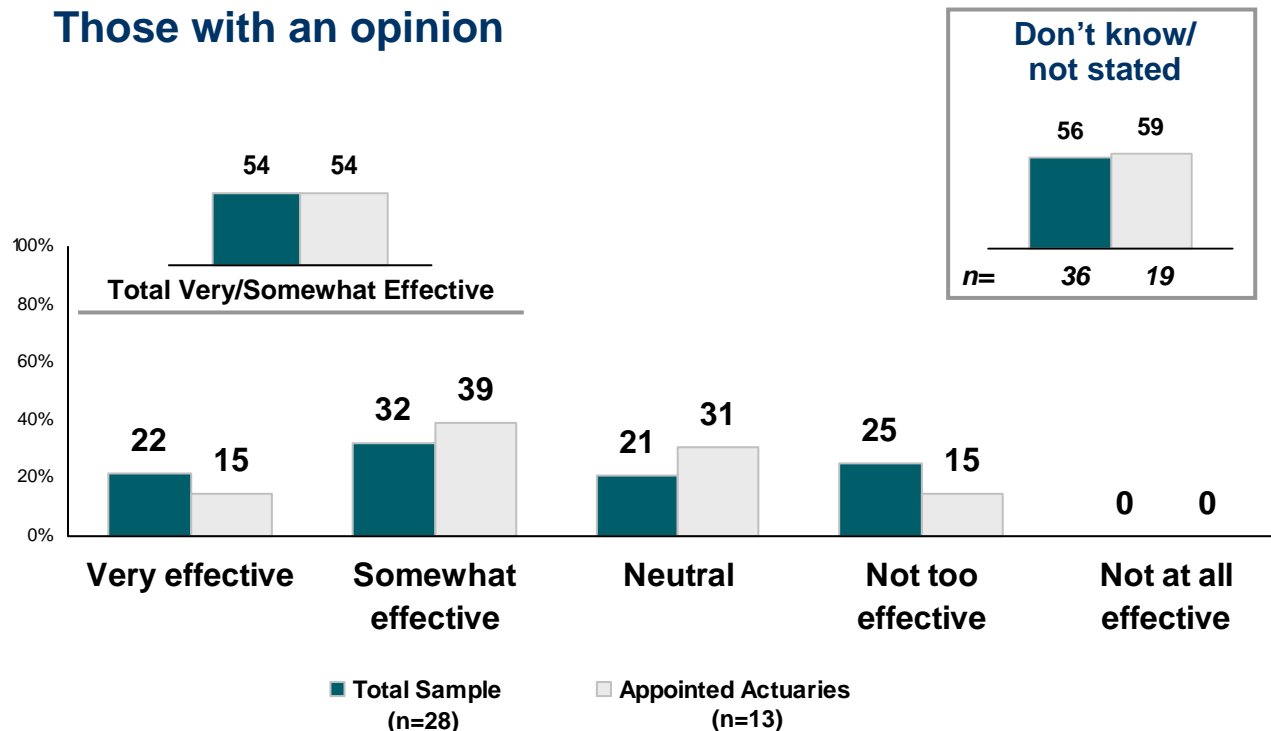
- ◆ There is a perception that OSFI is working hard to develop international standards and some believe that the regulator is doing a good job on this front.
- ◆ Most feel that OSFI has not been effective in communicating with the industry about its efforts to develop international insurance principles and standards.
- ◆ There is little commentary as to how well OSFI has consulted with the industry.

Q.36 Overall, how well do you believe OSFI represents the interests of the Canadian insurance industry in international fora (e.g., IAIS and the IAA) concerning actuarial matters to ensure that Canadian financial institutions are not put at a disadvantage vis-à-vis their foreign competitors?

Perceptions of OSFI’s effectiveness in representing the Canadian insurance industry internationally are relatively modest.

Perceived Effectiveness of OSFI’s Efforts in Representing the Interests of the Canadian Insurance Industry in International Fora

Those with an opinion



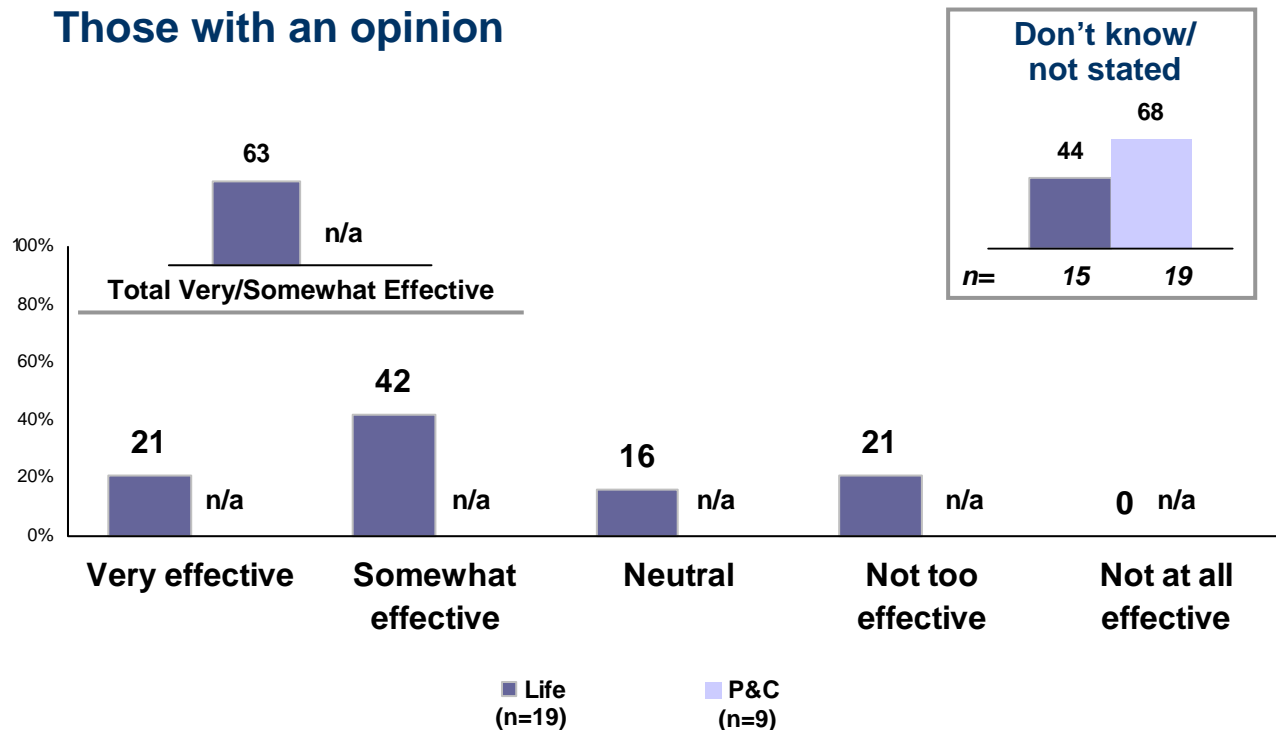
- ◆ Over one-half (56%) of participants do not offer an opinion on this measure.
- ◆ Among those with an opinion, just over half (54%) believe that OSFI’s efforts in representing the interests of the Canadian insurance industry in international fora are effective (“very effective” or somewhat effective”).
- ◆ Fully one-quarter (25%) of participants, however, feel that OSFI has not been effective on this measure (“not too effective”).

Q.36 Overall, how well do you believe OSFI represents the interests of the Canadian insurance industry in international fora (e.g., IAIS and the IAA) concerning actuarial matters to ensure that Canadian financial institutions are not put at a disadvantage vis-à-vis their foreign competitors?

Small sample sizes preclude analysis of differences between Life and P&C participants.

Perceived Effectiveness of OSFI's Efforts in Representing the Interests of the Canadian Insurance Industry in International Fora

Those with an opinion



Q.36a Why do you offer that response [Q.36]? / Q36. Overall, how well do you believe OSFI represents the interests of the Canadian insurance industry in international fora (e.g., IAIS and the IAA) concerning actuarial matters to ensure that Canadian financial institutions are not put at a disadvantage vis-à-vis their foreign competitors?

There is positive feedback on OSFI's efforts to influence actuarial matters internationally.

- ◆ Those who provide positive ratings do not specifically identify the benefits or positive outcomes of OSFI's participation internationally, but rather respond positively to OSFI's efforts to represent the Canadian perspective.
- ◆ However, some participants choose to respond to the issue of being disadvantaged vis-à-vis their foreign competitors by voicing frustrations with capital requirements.

Part IX – Risks and Challenges in Actuarial Matters

Q.37 Over the next few years, what do you believe will be the major challenges to be faced by insurance companies specifically pertaining to actuarial matters?

The introduction of international standards is identified as the single greatest challenge facing the insurance industry as it relates to actuarial matters.

- ◆ Participants from both the Life and P&C sectors consistently report that the transition to international standards, specifically accounting standards, will be the single greatest challenge facing the industry.
 - There is concern expressed about the ability of companies to establish appropriate reserves in the context of these new standards.
 - Among participants in the P&C sector, the impact on their business of the adoption of Fair Value Accounting is specifically identified as a challenge.
- ◆ Modeling is also viewed as a significant challenge. Some express concern about the overall complexity of the modeling, and whether the industry is clear as to the potential deficiencies of the models being used.
 - Stochastic modeling for reserves is often identified as posing specific challenges. Challenges identified include:
 - Whether valid assumptions were used in developing them.
 - That this type of modeling is appropriate for some types of calculations (e.g., Segregated funds) but may not be easily applied to others (e.g., mortality).
 - That this type of modeling places larger firms at an advantage because smaller firms may lack the financial and human resources to evaluate and apply it.
- ◆ Other challenges mentioned less often include:
 - A low interest rate environment.
 - The occurrence of catastrophic risk (e.g., terrorism, pandemic).
 - Increasing complexity of insurance products.
 - The Solvency II framework (Basel Phase II).

Q.38 What one or two risk areas do you believe should be priorities for OSFI in the next couple of years pertaining to actuarial matters?

A variety of risk areas are identified.

- ◆ Mentioned most frequently are:
 - The implementation of international accounting standards;
 - Fair Value Accounting;
 - Pandemics; and,
 - The complexity of actuarial modeling and the reliability of new models (including stochastic modeling).
- ◆ Other issues mentioned, but to a more limited degree, are:
 - Mortality rates/mortality improvement;
 - Interest rate risk;
 - Emerging segregated fund guarantees; and,
 - The increasing complexity of insurance products.

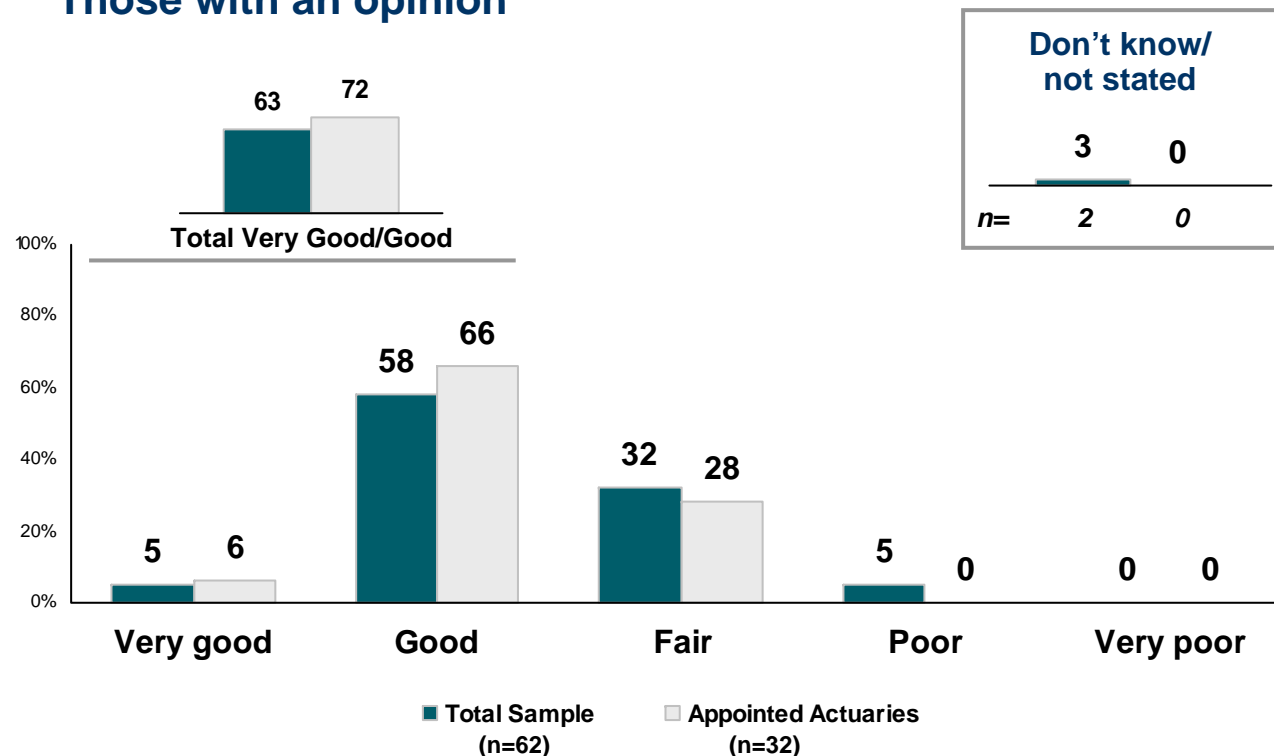
Part X – Overall Perceptions of
and Recommendation for OSFI

Q.39 Overall, that is all things considered, how would you rate OSFI's performance as a regulator pertaining to actuarial matters?

Perceptions of OSFI's overall performance as a regulator are moderately positive.

Impressions of OSFI's Overall Performance

Those with an opinion



- ◆ Six-in-ten (63%) participants provide positive ratings of OSFI's overall performance as a regulator pertaining to actuarial matters ("very good" or "good"), the majority of whom perceive it to be "good" (58%).
- ◆ Appointed Actuaries are marginally* more likely than CEOs/CFOs/external auditors (72% vs. 48%) to hold positive perceptions of OSFI's overall performance ("very good" or "good").
- ◆ CEOs/CFOs/external auditors are marginally* more likely than Appointed Actuaries (14% vs. 0%) to provide a rating of "poor" on this measure.

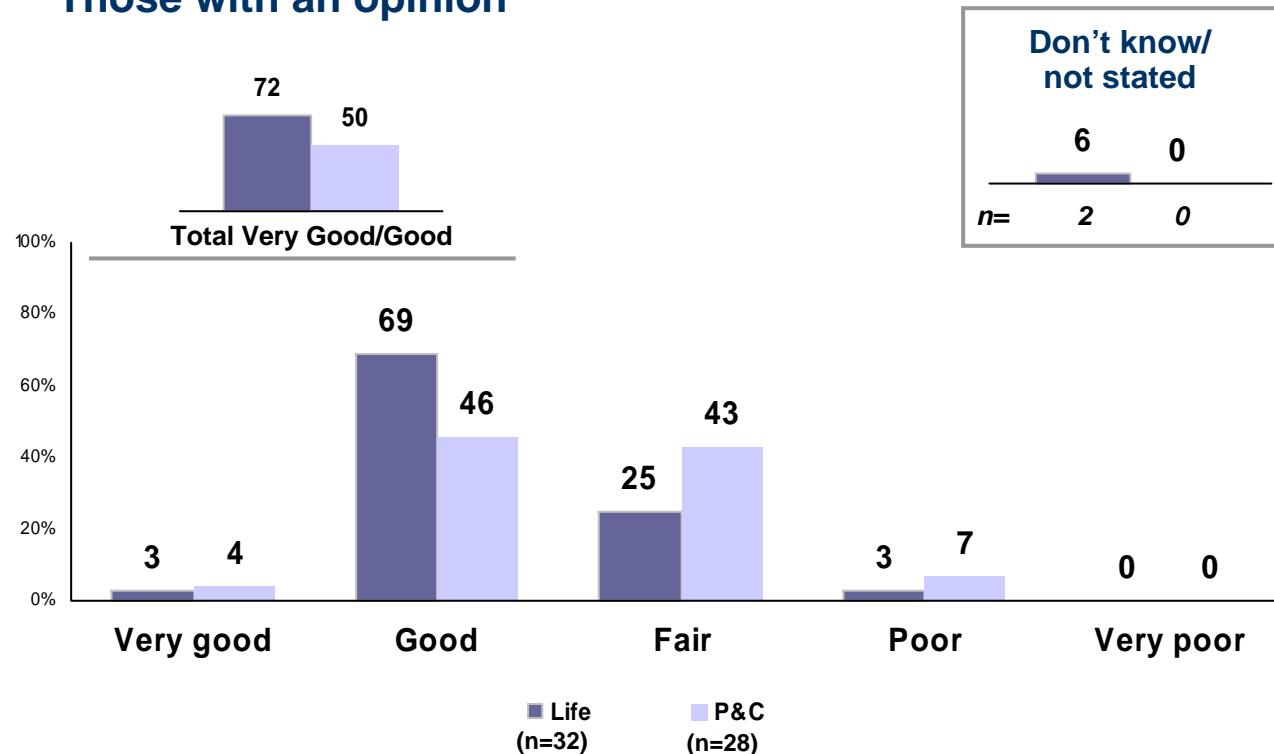
* Refers to a difference at the 90% confidence limit.

Q.39 Overall, that is all things considered, how would you rate OSFI's performance as a regulator pertaining to actuarial matters?

Ratings of OSFI's overall performance are marginally* more positive among Life participants than among P&C participants.

Impressions of OSFI's Overall Performance

Those with an opinion



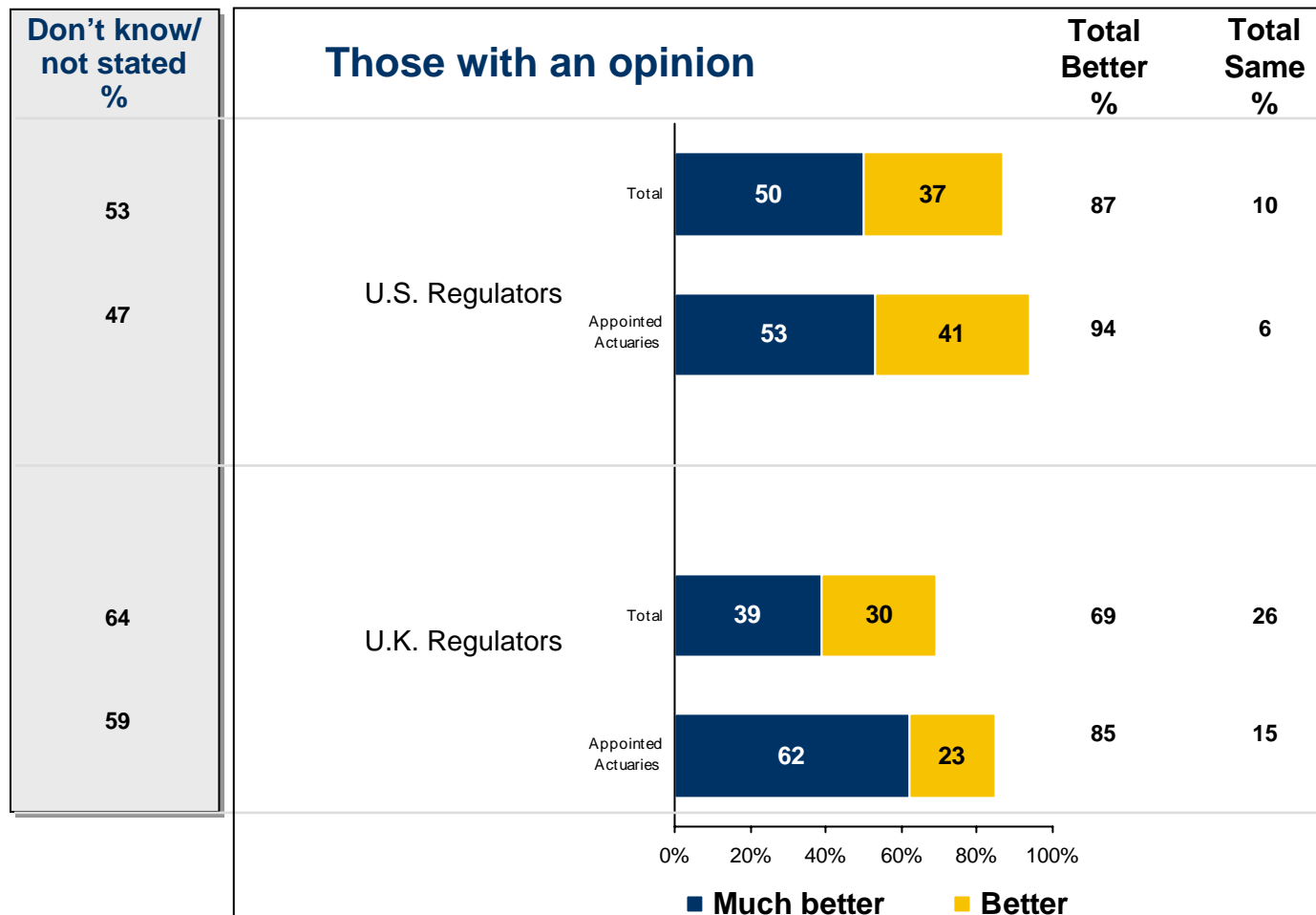
- ◆ This difference is largely driven by the greater proportion of Life participants providing a rating of “good” on this measure (69% and 46%, respectively).

* Refers to a difference at the 90% confidence limit.

Q.40 Overall, that is all things considered, how would you compare OSFI's performance pertaining to actuarial matters to other regulators?

OSFI's performance is perceived to be better than other regulators.

Perceptions of OSFI's Performance Relative to Other Regulators



- ◆ Majorities of participants do not have an opinion about OSFI's performance as compared to U.S. regulators (53%) and U.K. regulators (64%).
 - CEOs/CFOs/external auditors are marginally* more likely than Appointed Actuaries (70% vs. 47%) to indicate that they don't have an opinion.
- ◆ Among participants with an opinion, a strong majority (87%) feel that OSFI's performance is better than U.S. regulators ("much better" or "better"). One-half (50%) of participants believe that OSFI is "much better" relative to U.S. regulators.
- ◆ Ratings are slightly lower for the comparison to U.K. regulators, with two-thirds (69%) saying that that OSFI is better ("much better" or "better").

* Refers to a difference at the 90% confidence limit.

Q.40 Overall, that is all things considered, how would you compare OSFI's performance pertaining to actuarial matters to other regulators?

Detailed responses for Q.40

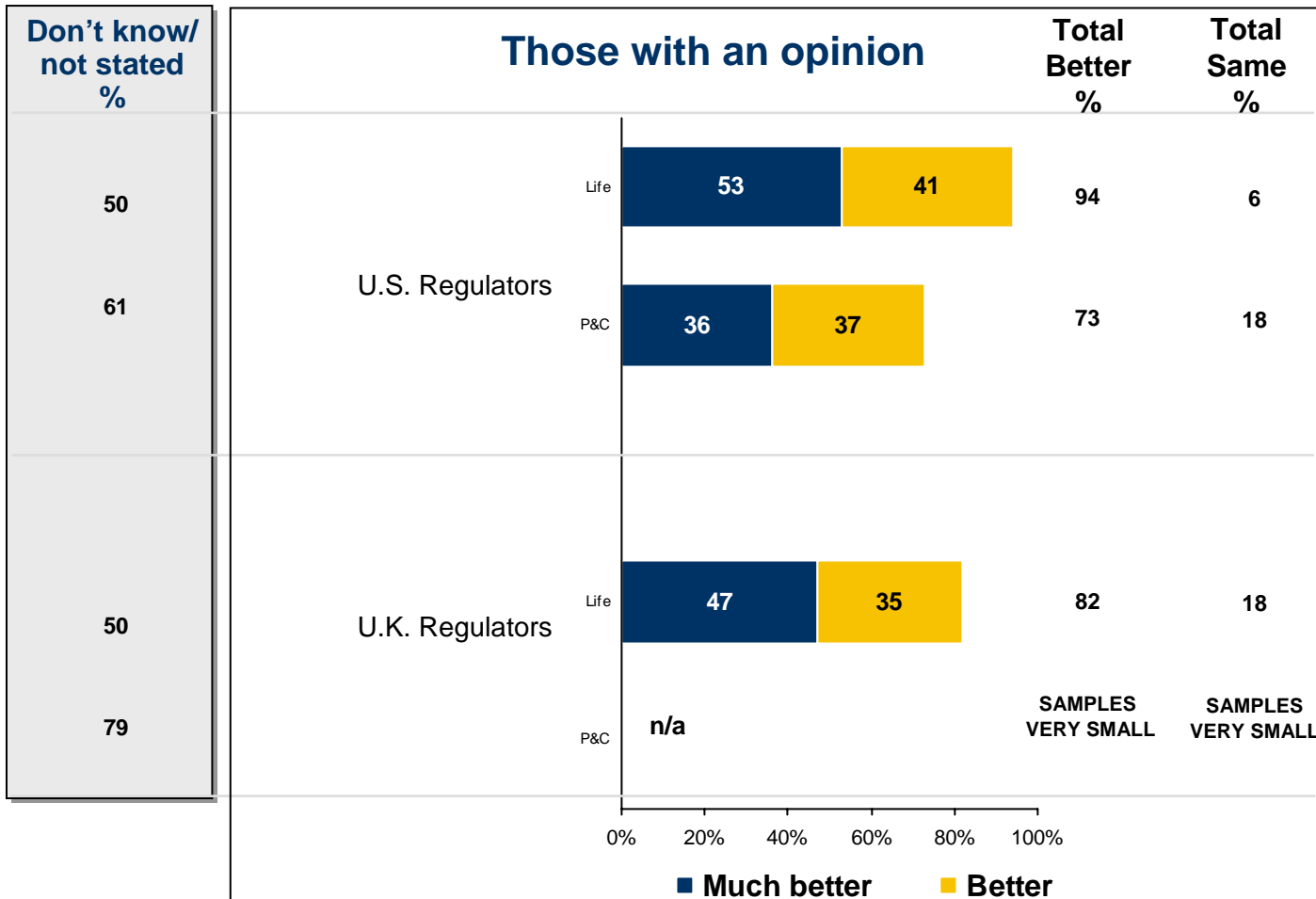
Among those with an opinion (Don't know/not stated responses excluded)

	TOTAL BETTER %		Much Better %		Better %		Same %		Worse %		Much Worse %		Sample Sizes of those with an opinion (n's)	
	Total	Appointed Actuaries	Total	Appointed Actuaries	Total	Appointed Actuaries	Total	Appointed Actuaries	Total	Appointed Actuaries	Total	Appointed Actuaries		
U.S. Regulators	87	94	50	53	37	41	10	6	3	-	-	-	30	17
U.K. Regulators	69	85	39	62	30	23	26	15	4	-	-	-	23	13

Q.40 Overall, that is all things considered, how would you compare OSFI's performance pertaining to actuarial matters to other regulators?

Life and P&C participants do not differ significantly in their perceptions of OSFI's performance relative to U.S. regulators.

Perceptions of OSFI's Performance Relative to Other Regulators



- ◆ P&C participants are significantly more likely than Life participants (79% vs. 50%) to report that they don't have an opinion on OSFI's performance relative to U.K. regulators.
- ◆ Small sample sizes preclude further analysis regarding U.K. regulators.
- ◆ A thematic overview of the reasons given for these comparative ratings cannot be provided due both to the small sample sizes of participants who responded to these comparative questions, and the lack of consistency in reasons provided.

Q.40 Overall, that is all things considered, how would you compare OSFI's performance pertaining to actuarial matters to other regulators?

Detailed responses for Q.40 based on Life and P&C

Among those with an opinion (Don't know/not stated responses excluded)

	TOTAL GOOD %		Very good %		Good %		Fair %		Poor %		Very poor %		Sample Sizes of those with an opinion (n's)	
	Life	P&C	Life	P&C	Life	P&C	Life	P&C	Life	P&C	Life	P&C		
U.S. Regulators	94	73	53	36	41	37	6	18	-	9	-	-	17	11
U.K. Regulators	82	Sample very small	47	Sample very small	35	Sample very small	18	Sample very small	-	Sample very small	-	Sample very small	17	6

Q.41 If you could give OSFI one piece of advice as a regulator and supervisor of insurance companies with respect to actuarial matters, what would it be?

Advice to OSFI with respect to actuarial matters focuses on augmenting staff resources and experience.

- ◆ A cross section of issues arise when participants are asked what advice they would give to OSFI specific to actuarial matters.
 - Staff-related:
 - A concern emerging at several points in the consultation is that OSFI requires greater actuarial resources (both at senior and mid/junior levels) to effectively address actuarial issues.
 - Further, participants observe that OSFI's strength and credibility as a regulator are enhanced when top tier senior staff are hired.
 - For instance, a recent senior hire into OSFI's P&C actuarial group is viewed very positively as giving that division of OSFI more credibility. This is due to the hire's experience in the industry, and previous involvement in industry issues.
 - Some participants suggest that greater experience and knowledge of industry and actuarial matters among mid and junior level staff would assist them to more effectively discharge their responsibilities in an increasingly complex insurance marketplace.
 - Finally, some comment that their Relationship Manager is not an actuary and therefore may not have the depth of knowledge to translate actuarial issues between companies and OSFI actuarial staff.

Q.41 If you could give OSFI one piece of advice as a regulator and supervisor of insurance companies with respect to actuarial matters, what would it be?

Participants also recommend that OSFI continue to engage the insurance community on broad issues, and increase its feedback on required filings.

- Communications
 - A number of participants believe that it is important for OSFI to consult with the actuarial community on broader matters that affect the industry.
 - Ongoing interaction with the CIA
 - Further, on a more day-to-day level, some suggest that OSFI needs to seek feedback from Appointed Actuaries on a more regular basis in order to:
 - Clarify issues that may arise in relation to specific required filings.
 - Gain greater knowledge of the issues faced and approaches used by various Appointed Actuaries and then share that information with the industry as a means of providing benchmarks/industry scenarios.
- Feedback
 - Companies and their Appointed Actuaries are seeking constructive feedback that will allow them to better understand OSFI's expectations so they can be addressed in the regulatory filings.
 - Examples of the type of feedback sought include:
 - Means by which reporting could be clarified/improved in order to address OSFI's concerns or to better meet OSFI's expectations.
 - Approaches/practices/assumptions used by actuaries within the industry (e.g., assumptions made for DCAT reports)
- Reduction of duplication
 - With the introduction of Peer Reviews and new auditing requirements (AuG-43), there is a perception that the reporting requirements are now duplicative and should be streamlined.



The Strategic Counsel



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| BSIF |

2006 OSFI Actuarial Consultation Interview Guide

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Part 2	OSFI's Public Profile and Communications
Part 3	Overall Impressions of OSFI
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Introduction

The Strategic Counsel has been retained by OSFI to conduct this survey with senior members of the insurance industry, specifically insurance company senior management, consulting actuaries and external auditors.

Since 1998, OSFI has commissioned consultations with senior members of the financial community and their professional advisors to obtain their assessment of its effectiveness as a regulator. OSFI is committed to monitoring how well it is achieving its strategic objectives, both to be accountable to stakeholders and to help improve effectiveness. It is for these reasons that we are asking your organization to participate in this research.

The objective of the survey is to obtain your assessment of OSFI's effectiveness in reviewing insurance company actuarial practices and methodologies, and related matters. The survey covers your views on OSFI's performance in general as it relates to actuarial matters, as well as your views on:

- OSFI's review of the Appointed Actuary's and Dynamic Capital Adequacy Testing reports;
- External peer reviews;
- The quality of actuarial guidance and rules issued by OSFI; and
- Communication concerning actuarial matters.

As the survey only covers actuarial issues and not capital issues, capital and MCCSR / MCT matters are excluded.

You can be assured that *The Strategic Counsel*, as an independent third party, will hold your comments in strict confidence. OSFI will not know who was interviewed or what specific organizations have said about it.

As a standard industry practice, The Strategic Counsel has put in place secure communication and usage procedures to ensure that confidentiality is maintained at all times.

The Strategic Counsel will provide OSFI with a full report aggregating the findings from this survey, which will be posted on OSFI's website.

Part 1 – Context and Familiarity

1. How often do you communicate (e.g. meet, correspond by email, speak on the telephone) with OSFI concerning actuarial matters?

- Monthly or more often
- Every few months
- Two to three times a year
- About once a year
- Rarely or never

2. Generally speaking, how would you rate your knowledge of OSFI’s activities in relation to insurance company actuarial matters?

Very Poor 1	Poor 2	Fair 3	Good 4	Very Good 5
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Part 2 – OSFI’s Public Profile and Communications

3. Overall, what do you think of OSFI’s profile within the insurance community with respect to actuarial matters?

Much Too Low 1	Too Low 2	Just About Right 3	Too High 4	Much Too High 5	Don’t Know 9
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

3a. Why do you offer that response?

4. Over the past few years, to what extent has OSFI contributed to increasing your awareness of actuarial issues and practices in general?

Not at all 1	A little 2	Moderate Amount 3	A lot 4
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

5. Overall, that is all things considered, how would you rate the quality of OSFI's communications with the insurance industry pertaining to actuarial matters?

Very Poor 1	Poor 2	Fair 3	Good 4	Very Good 5	Don't Know 9
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

6. What could OSFI do to improve its communications with the insurance industry on actuarial matters?

7. How frequently do you access the OSFI website with respect to actuarial matters?

- Once a week or more
- Several times a month
- Once every few months
- A few times a year
- Never

8. Please rate the navigability of OSFI's website as it pertains to actuarial matters?

Very Poor 1	Poor 2	Fair 3	Good 4	Very Good 5
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

9. Is there any actuarial material that you would like to see added to OSFI's website?

Part 3 – Overall Impressions of OSFI

10. In your view, what one or two key things does OSFI do well as a regulator and supervisor of insurance companies with respect to actuarial matters?

11. And in your view, what one or two key things does OSFI need to improve on as a regulator and supervisor of insurance companies with respect to actuarial matters?

12. How effective do you believe OSFI is in identifying actual and potential problems with respect to insurance company actuarial matters?

Very Ineffective 1	Somewhat Ineffective 2	Neither Effective nor Ineffective 3	Somewhat Effective 4	Very Effective 5	Don't Know 9
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

13. Please rate OSFI's performance in terms of how proactive it has been in dealing with issues pertaining to insurance company actuarial matters over the past few years.

Not at all Proactive 1	Not Proactive 2	Neither Proactive nor Passive 3	Somewhat Proactive 4	Very Proactive 5	Don't Know 9
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

14. Going by what you know, or have heard, how would you characterize OSFI's treatment of insurance companies where it has identified regulatory concerns with respect to actuarial matters?

Too Lenient 1	About Right 2	Too Severe 3	Don't Know 9
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

15. Overall, over the past two years, has there been any change in the amount of work your company (or companies for which you provide professional services) must perform in order to meet OSFI's regulatory requirements pertaining to actuarial matters?

Decreased a lot 1	Decreased moderately 2	Remained about the same 3	Increased moderately 4	Increased a lot 5	Don't Know 9
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

15a. Why do you offer that response [for all except those who said “remained about the same” or “don't know”]?

16. Was the scope of the actuarial reviews performed by OSFI sufficient to assess the quality and effectiveness of your company's (or companies for which you provide professional services) actuarial practices and methodologies

Entirely Insufficient 1	2	About Right 3	4	Greatly Excessive 5	Don't Know 9
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

16a. Why do you offer that response?

17. How relevant was the pre-examination material OSFI requested from your company (or companies for which you provide professional services) for their actuarial examinations?

Not at all Relevant 1	Somewhat Relevant 2	Relevant 3	Very Relevant 4	Don't Know 9
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

18. How would you rate OSFI's actuarial examinations in contributing to better management of your company (or companies for which you provide professional services)?

Very Poor 1	Poor 2	Fair 3	Good 4	Very good 5	Don't Know 9
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

18a. Why do you offer that response?

Part 4 – OSFI’s Effectiveness in Specific Areas

19. **Knowledge** – How would you rate the knowledge level of OSFI staff involved in actuarial matters in the following specific areas?

	Very Poor 1	Poor 2	Fair 3	Good 4	Very Good 5	Not Applicable 8	Don't Know 9
Legislation, OSFI guidelines and regulatory policy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
CIA Canadian Standards of Practice	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Asset & Liability Management	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Insurance Market	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Technical Actuarial Expertise	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reinsurance Market	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Seg Fund Model Approval	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Participating Accounts	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

20. Concerning OSFI’s staff knowledge in the actuarial areas, what do you believe needs to be improved immediately?

21. **Regulatory approach** – How would you rate OSFI on the following issues pertaining to actuarial matters?

	Very Poor 1	Poor 2	Fair 3	Good 4	Very Good 5	Don't Know 9
Striking an appropriate balance between effective prudential regulation and not unduly impeding competition.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Why do you say that [among those who give a rating of 2 or less]?

The extent to which OSFI focuses on material issues.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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Why do you say that [among those who give a rating of 2 or less]?

Consistency with which it treats different insurance companies.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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Why do you say that [among those who give a rating of 2 or less]?

The extent to which OSFI uses a reliance based approach.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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Why do you say that [among those who give a rating of 2 or less]?

22. **General Communication** – How would you rate OSFI on the following communication issues with respect to actuarial matters?

	Very Poor 1	Poor 2	Fair 3	Good 4	Very Good 5	Don't Know 9
Discussions with <i>companies</i> on issues of concern before OSFI comes to a conclusion.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
OSFI's rationale for recommendations and decisions is clear and understandable.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The clarity of OSFI's management letters and/or written correspondence outlining issues of concern.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The timeliness of OSFI's management letters and/or written correspondence outlining issues of concern.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

23. What could OSFI do to improve the quality of management letters and or written correspondence pertaining to actuarial matters?

24. **Usefulness of Feedback in Specific Areas**– How would you rate the **usefulness of feedback** your company receives (or companies to which you provide professional services) from OSFI in the following areas:

	Very Poor 1	Poor 2	Fair 3	Good 4	Very Good 5	Don't Know 9
Appointed Actuary Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Dynamic Capital Adequacy Testing Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
External Peer Review Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

25. In which specific areas would your company (or companies for which you provide professional services) like to receive more feedback from OSFI?

26. **Forward Looking** – How would you rate OSFI in terms of its:

	Very Poor 1	Poor 2	Fair 3	Good 4	Very Good 5	Don't Know 9
Effectiveness in identifying emerging actuarial trends	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Preparedness to deal with actuarial issues of the future.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Part 5 – Actuarial Guidelines and Instructions

27. From time to time OSFI issues Guidelines and Instructions, collectively referred to as guidance, on actuarial matters. How would you rate the quality of OSFI's guidance (e.g. Memorandum to the Appointed Actuary (MAA); Inter-segment Notes for Life Companies-E12; Role of the Independent Actuary-E14; Appointed Actuary-Legal Requirements, Qualifications, & External Review-E15; and Source of Earnings Disclosure-D9) with respect to:

	Very Poor 1	Poor 2	Fair 3	Good 4	Very good 5	Don't Know 9
a) Reacting in a timely manner if the industry suggests that OSFI's guidance is out of date, or conditions in the insurance market indicate a change should be made?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b) Consulting with the industry on the development of guidance, including explaining why OSFI is developing it?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c) Developing guidance that is clear and understandable?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d) Developing guidance that strikes an appropriate balance between effective prudential regulation and not unduly impeding competition.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

28. In what specific areas, pertaining to actuarial matters, do you believe it would be useful for OSFI to issue or clarify guidelines and instructions?

29. Overall, how useful do you think OSFI’s guidance is to the insurance industry in providing an indication of the regulator’s expectations pertaining to actuarial matters?

Very Poor 1	Poor 2	Fair 3	Good 4	Very Good 5	Don’t Know 9
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

30. Overall, that is all things considered, how would you compare the usefulness of OSFI’s guidance pertaining to actuarial matters with that of insurance regulators in other jurisdictions?

	Much Worse 1	Worse 2	Same 3	Better 4	Much Better 5	Don’t Know 9
<i>U.S. Regulators</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>U.K. Regulators</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Part 6 – Relations with the CIA

31. How receptive do you believe OSFI has been in terms of listening and responding to the CIA when it (the CIA) raises issues for consideration by OSFI?

Very Unreceptive 1	Somewhat Unreceptive 2	Neither Receptive nor Unreceptive 3	Somewhat Receptive 4	Very Receptive 5	Don’t Know 9
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

31a. Why do you offer that response?

¹ Canadian Institute of Actuaries (CIA)

32. How effective do you believe OSFI has been in influencing the CIA where it (OSFI) believes changes in actuarial practices may be necessary?

Very Ineffective 1	Somewhat Ineffective 2	Neither Effective nor Ineffective 3	Somewhat Effective 4	Very Effective 5	Don't Know 9
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

32a. Why do you offer that response?

33. To what extent do you believe OSFI's influence on the CIA over the past few years has been beneficial in terms of improving the quality of actuarial practices?

Not at all 1	A Little 2	A moderate amount 3	A lot 4	Don't Know 9
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

33a. Why do you offer that response?

Part 7 – OSFI’s International Activities

34. How effective do you believe OSFI’s relations are with insurance regulators in other jurisdictions pertaining to actuarial matters?

	Not at all effective				Very Effective	Don’t Know
	1	2	3	4	5	9
<i>U.S. Regulators</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>U.K. Regulators</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

34a. Why do you offer that response [among those who give a rating of 2 or less]?

35. How effectively has OSFI communicated and consulted with the insurance industry on the development, through the IAIS² and the IAA³, of international insurance principles and standards pertaining to actuarial matters?

Not at all effective					Very Effective	Don’t Know
1	2	3	4	5	9	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

35a. Why do you offer that response?

² International Association of Insurance Supervisors (IAIS)

³ International Actuarial Association (IAA)

36. Overall, how well do you believe OSFI represents the interests of the Canadian insurance industry in international fora (e.g. IAIS and the IAA) concerning actuarial matters to ensure that Canadian financial institutions are not put at a disadvantage vis-à-vis their foreign competitors?

Not at all effective					Very Effective	Don't Know
1	2	3	4	5	9	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

36a. Why do you offer that response?

Part 8 – Conclusion

37. Over the next few years, what do you believe will be the major challenges to be faced by insurance companies specifically pertaining to actuarial matters?

38. What one or two risk areas do you believe should be priorities for OSFI in the next couple of years pertaining to actuarial matters?

39. **Overall Effectiveness** – Overall, that is all things considered, how would you rate OSFI’s performance as a regulator pertaining to actuarial matters?

Very Poor 1	Poor 2	Fair 3	Good 4	Very Good 5
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

40. Overall, that is all things considered, how would you compare OSFI’s performance pertaining to actuarial matters to other regulators?

	Much Worse 1	Worse 2	Same 3	Better 4	Much Better 5	Don't Know 9
<i>U.S. Regulators</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>U.K. Regulators</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

40a. Why do you offer that response [among those who give a rating of 2 or less]?

41. If you could give OSFI one piece of advice as a regulator and supervisor of insurance companies with respect to actuarial matters, what would it be?

For Interviewer Use

Type / Legal Status of Organization:

(This table is not to be completed if interviewee is a life consulting actuary, external auditor, a CIA executive, or an Actuarial Advisory Committee Chair. See below.)

	Type		Legal Status		
	Primary	Reinsurance	Canadian Company	Foreign Subsidiary	Branch
Life ⁴					
P&C					

Size of Insurer:

- Large
- Other

Interviewee:

- Appointed Actuary:
 - Internal
 - External
- CEO
- CFO
- Consulting Actuary (Life only)
- External Auditors:
 - Life
 - P&C
- Other (i.e. CIA and Actuarial Advisory Committee Chairs)

⁴ Include Fraternal.