



MEMORANDUM

Date: September 18, 2007
To: Federally Registered Life Insurance Companies and Fraternal Benefit Societies
From: Stuart Wason, Senior Director, Actuarial Division, Regulation Sector
Subject: Memorandum to the Actuary (Life Insurance) 2007
Copy: Appointed Actuaries of Federally Registered Life Insurance Companies and Fraternal Benefit Societies

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

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

and in French at:

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

This year's Memorandum includes the following changes:

- The Accounting Standards Board introduced a new Section 3855, Financial Instruments – Recognition and Measurement. Section 3855 is effective for fiscal years beginning on or after October 1, 2006. There are also changes to Section 1530, Comprehensive Income and Section 3865, Hedges. OSFI has also introduced Guideline D-10 *Accounting for Financial Instruments Designated as Fair Value Option*. There are additional disclosure requirements to address the effects of 3855.
- Reference to the revised Joint Policy Statement;
- Enhanced disclosure of financial reinsurance agreements and related party reinsurance.
- Enhanced disclosure for segregated funds.
- The requirement to comply with Guideline E-15 with respect to Appointed Actuary qualification standards
- Reference to the requirement for an actuarial opinion for MCCSR and TAAM returns;
- Clarification of the filing requirements for the AAR, DCAT and Peer Review reports.



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

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

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

A hard copy of this Memorandum can be obtained upon request; please send your request to Eleanor Reubins at 416-973-3680, by fax to 416-952-0664 or to eleanor.reubins@osfi-bsif.gc.ca. Before 2006, a tracked version of the Memorandum showing all changes from the previous year was included on the website. This practice has been discontinued for the last two years.

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