

LIFE-1	45.010 - 45.030	Premiums and Commissions
<p>The information contained on pages 45.010, .020 and .030 relates to the insurer's total business on a consolidated basis. Please also refer to the instructions for pages 20.030 and 35.010-.030 for additional details.</p> <p>Note: Amounts entered in the reinsurance assumed and reinsurance ceded lines of Life, Annuity and A&amp;S columns should be for incidental reinsurance carried on by the management of the Life, Annuity and A&amp;S business units. Direct writers with significant reinsurance operations and who internally manage reinsurance as a separate business unit should use column 31 for such business. Reinsurance companies should use all the columns (other than column 31).</p> <p><b>Materiality Limits re Disclosure of Foreign Territories</b></p> <p>Materiality limits for limiting disclosure of immaterial amounts by designated territories is as follows: For life insurers whose assets outside Canada in one of the designated territories (U.S.A., Europe and Asia / Other) exceed 5% of the consolidated equity or the revenue in each territory exceeds 5% of consolidated revenue, Premiums in the designated territories should be disclosed as part of the designated territorial categories. In all other cases, life insurers should report the immaterial Premiums in the designated territories under "Asia / Other" if the life insurer has significant operations out of Canada; otherwise, the applicable immaterial Premiums should be reported under "Canada".</p> <p><b>Inclusion in Premiums</b></p> <p>Include consideration for life insurance policies, annuities, Accident &amp; Sickness and Property &amp; Casualty contracts in force at any time during the year. The full amounts are to be reported without any deduction for dividends to policyholders, experience rating refunds, commissions or expenses.</p> <p><b>Dividends</b></p> <p>Dividends applied to purchase bonus additions, extended insurance, paid-up insurance or premium reductions, or shorten the premium paying or endowment period should be included as single premiums.</p>		

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<p><b>Premium Reductions</b></p> <p>Where premiums have been reduced by the purchase of premium reductions, only the reduced premium is to be entered in subsequent years. Note that the application of cash dividends in part payment of premium falling due in the succeeding 12 months is not to be considered as the purchase of a premium reduction. In these cases, the full premium should be shown and the dividend treated as a cash dividend.</p> <p><b>Premiums Waived</b></p> <p>Premiums waived because of the death or disability of the person paying the premiums are not to be included, even though the policy is still in force.</p> <p><b>Cash Equity</b></p> <p>The cash equity of any insurance, benefit or annuity contract, or any part thereof, that is applied to purchase a new insurance policy, benefit or annuity contract should only be included as premiums if the new or continued policy, benefit or contract may properly be included among “new effected” in the movement of policies or movement of annuities pages.</p> <p><b>Shared Contracts</b></p> <p>In the case of group contracts shared among registered insurers, only the reporting life insurer’s share of any insurance premiums or annuity considerations should be included as “Direct” on this page. No entries should appear in the assumed and ceded parts for such shared contracts, even in cases where the reporting life insurer is administering the contracts, unless pursuant to reinsurance treaties such shared group premiums (or other 100% underwritten group premiums) have either been assumed or ceded by the life insurer.</p> <p>Group insurance policies are considered to be issued on a shared basis if the administering insurer does not have the power to alter the distribution of insurance among the associated insurers, even if there is no formal agreement.</p> <p><b>Industrial Premiums</b></p> <p>Industrial premiums should be included with individual renewal premiums and need not be subdivided into first year and renewal.</p>		

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<p><b>Commissions Provision</b></p> <p>The change during the year in the deduction for commissions on outstanding insurance premiums and annuity considerations should be included in the commission account.</p> <p><b>Shared Groups</b></p> <p>In the case of shared group contracts, only the reporting life insurer's share of commissions on insurance premiums and annuity considerations should be reported on this page.</p>			
Line	Col	Cross Ref	Practice
289		P 35.010 - P 35.030 L 040 Columns as applicable	<p><b>Total Net Premiums</b></p> <p>Premium income is on an accrual basis including reinsurance assumed and net of reinsurance ceded and is recognized as revenue when due. <b>Note:</b> Any change in the unearned premium in respect of Accident &amp; Sickness business is shown as part of the change in actuarial liabilities.</p> <p>The gross or full amount of the premiums received is to be reported without any deduction for dividends to policyholders, experience rating refunds, commissions or expenses. Commissions are shown in line 489. Segregated Fund receipts/deposits are <b>excluded</b>.</p> <p>Experience rating refunds and retrospective rating credits are <b>not</b> to be deducted from premiums but rather should be shown as expense items on line 390 of pages 35.010 to 35.030. Similarly, policyholder dividends that are expensed in the income statement are shown on line 360 of the Income Statement pages 20.030 and 35.010.</p>

LIFE-1	45.040 - 45.050	Reinsurance Ceded – Life Insurance & Annuity, and Accident & Sickness
<p><b>References</b></p> <p><b>Federal life insurers:</b> OSFI Guideline B-3 Guideline on Unregistered Reinsurance (February 1997)</p> <p><b>Quebec life insurers:</b> AMF Guideline, Capital Adequacy Requirements</p>		
<p>Under GAAP, in a reinsurance transaction, where there has been a transfer of risk, the amount of liability reported by the ceding insurer should be reduced by the amount of liability assumed by the reinsurer. There is no distinction between business ceded to registered or unregistered life insurers.</p> <p>Although the actuarial liability may be reduced in respect of all reinsurance, insurers that cede reinsurance to unregistered insurers where the arrangements have not been approved (or a credit to reduce MCCSR/CAR components have not been given) by the Primary Regulator are required to include a provision in the MCCSR/CAR calculation.</p> <p>Note that life insurers must complete page 75.070 in respect of cessions to unregistered insurers, on a Non-Consolidated Basis.</p> <p>A number of provincially incorporated life insurers, which are not federally registered have been approved by OSFI for reinsurance purposes. Business ceded to such life insurers should be treated as approved business. OSFI will maintain a list of approved provincial life insurers which will be reviewed and updated annually based on the provincial life insurer meeting OSFI's ongoing requirements.</p> <p><b>Traditional reinsurance</b></p> <p>The transfer of underwriting risks is the primary purpose of traditional reinsurance arrangements. The traditional reinsurance market includes reinsurance which exists for mortality, morbidity, persistency risks, etc.</p> <p><b>Financial reinsurance</b></p> <p>The achievement of a specific business objective such as increasing statutory surplus, reducing taxes, or acquiring blocks of business is the primary purpose of financial reinsurance arrangements.</p>		

LIFE-1	45.040 to 45.050	Reinsurance Ceded – Life Insurance & Annuity, and Accident & Sickness
<p><b>Funds withheld reinsurance</b></p> <p>For this type of reinsurance, the assets that would usually be paid over to a reinsurer are withheld by the ceding life insurer to get statutory credit for unregistered reinsurance, to reduce a potential credit risk or to retain control over those investments.</p> <p><b>Funds withheld mod-co reinsurance</b></p> <p>It is a form of modified coinsurance where the initial allowance which is usually paid to the ceding life insurer is withheld by the reinsurer to lessen the reinsurer's exposure to risk of the reinsurer.</p>		