

OSFI-77	Financial Statements – Segregated Funds
References	
CICA Handbook section 4210 and AcG-9 - Financial Reporting by Life Insurance Enterprises	
Segregated Funds issued by the Canadian Branch should be reported here.	
Disclosure should be consistent with the Financial Statements of the General Fund of the Canadian Branch and in accordance with GAAP.	

OSFI-77	88.010	Net Assets	
The purpose of this page is to disclose the total net assets of all Segregated Funds of the Canadian Branch.			
Assets are valued at market.			
Line	Col	Cross Ref	Practice
010			<p>Cash</p> <p>Include here all amounts held in banks or other financial institutions. If the net balance of all accounts for each entity in a single financial institution is an overdraft, (i.e. where there is a legal offset) the net balance should instead be included as part of line 280: “Other assets (liabilities) net”.</p> <p>Cash held in short term investments should be included in line 040.</p>
040			<p>Short Term Investments</p> <p>Investments having an original term to maturity of one year or less, includes term deposit, GICs, commercial paper, treasury bills, etc. Includes the net assets of “Money Market / Short Term Funds” reported on page 88.020 together with such short term investments held in other funds (except for investments held in Mutual Funds which are included on line 220).</p>

OSFI-77		88.010	Net Assets
Line	Col	Cross Ref	Practice
070			<p>Accrued Investment Income</p> <p>Include income due and accrued as at the balance sheet date.</p>
100			<p>Bonds and Debentures</p> <p>Fixed term investments having a fixed maturity date or dates for the repayment of principal (includes convertible bonds, stripped bonds, asset backed securities and GICs with original terms to maturity of more than one year).</p>
130			<p>Mortgage Loans</p> <p>Include sale agreements, power of sales, mortgage pools and mortgages in process of foreclosure, where title has not yet passed to the Segregated Fund.</p>
160			<p>Preferred and Common Shares</p> <p>Preferred Shares includes convertible preferred shares. Common shares include options, warrants, and rights in respect of shares. Investments in mutual funds should be reported in line 220. Other equity investments should be reported as part of line 250.</p>
190			<p>Real Estate</p> <p>Real estate includes ground rent, foreclosed property where title has passed to the Segregated Fund and properties held for the society's own use if held as part of the Segregated Funds. The market value to be reported is net of any write-downs for other than temporary declines in values as defined by CICA - AcG-9. The market value reported here for real estate should be net of all mortgages and other encumbrances, if any, on the properties held in Segregated Funds.</p>
220			<p>Mutual Funds</p> <p>Report the market value of investments in mutual fund units, if any, held as part of the Segregated Funds.</p>
250			<p>Other Investments</p> <p>Report items of investments that are not classifiable in lines above.</p>

OSFI-77		88.010	Net Assets
Line	Col	Cross Ref	Practice
280			<p>Other assets (liabilities) net</p> <p>Report here the net of the market value of any other assets not included above less all liabilities of the Segregated Funds (e.g. payables for investments purchased, payable to contractholders, management fees payable, other expenses and fees payable and other miscellaneous liabilities). If the net amount is negative, show it in brackets.</p>
310	01	P 88.020 L 089 C 51	Held by Policyholders
340	01	P 88.020 L 189 C 56	Held by the Society

OSFI-77		88.010	Changes in Net Assets
Line	Col	Cross Ref	Practice
410			<p>Segregated Funds Net Assets, Beginning of Year</p> <p>Beginning of year balances in both columns should agree with the prior year's closing balances. Comparative figures for the prior year should be prepared on a basis consistent with the current year. Any adjustments to the prior year's closing balance required as a result of the effect of currency translation or changes in bases of accounting, if any, should be reported on one of the blank lines (590, 620, 770 or 810) with an appropriate description. An explanatory note on the changes made must be provided in the notes to the financial statements.</p>
440			<p>Deposits from Policyholders</p> <p>In addition to new funds for purchase of units, deposits include any dividends reinvested by purchasing additional units of the funds.</p>

OSFI-77		88.010	Changes in Net Assets
Line	Col	Cross Ref	Practice
470			<p>Net realized and unrealized gains (losses)</p> <p>Report the net realized gains (losses) on dispositions and the net unrealized gains (losses) on investments held at the end of the year.</p>
500			<p>Interest and Dividends</p> <p>Report the gross revenue from the above. Dividends paid to policyholders should be reported as part of line 710.</p>
530			<p>Net Transfers from the General Fund (amounts transferred re: guarantees \$____)</p> <p>This line is to be used for transactions where there has been a transfer of funds between a Segregated Fund of the Canadian Branch and its general fund.</p> <p>In the space provided for inside the title line, report the amounts transferred in respect of guarantees.</p> <p>Section 451 of the <i>Insurance Companies Act</i> requires that the issue of contracts where the liabilities pertaining to such policies or contracts are dependent on the market value of a specified group of assets be maintained as assets that are segregated from the other assets of the society in separate accounts. However, section 452 provides for transfers from the general fund to create and maintain the Segregated Fund(s). Such transfers are interpreted to be for the purpose of the original “seed money” and if critically needed, for the purpose of funding liquidity of the Segregated Fund(s).</p> <p>The transfer of such seed money should be reported as “Other assets” at market value in the balance sheet on page 20.010 of the Annual Return. The change in market value from the prior year should be reported as “Other Revenue” on page 20.030, line 188.</p>
560			<p>Effect of currency translation</p> <p>Refer to the CICA Handbook, Sections 4210 and 1650.</p>
590			<p>Provide line descriptions for any other items that formed part of the contributions to the increase in Net Assets reconciled.</p>

OSFI-77		88.010	Changes in Net Assets
Line	Col	Cross Ref	Practice
710			<p>Payments to Policyholders</p> <p>Report all payments to policyholders, including dividends and amounts paid on withdrawal / redemption of funds invested in units of the Segregated Funds. Transactions with the General Funds are to be reported on line 530 above.</p>
740			<p>Management and Administration Fees</p> <p>The definition of “management fees” means fees paid to a person(s) or an institution who has the power or responsibility to direct the affairs of the Segregated Funds and whose duties include the management of the investment portfolio of the Segregated Fund(s) and the provision of investment advice in connection therewith. If fees are paid by the Segregated Fund directly to others for services such as investment advice, custodial fees or investment transaction fees, these should be reported in write-in lines 770, 810 providing appropriate line descriptions.</p> <p>Management fees paid to the General Fund should be recorded as an expense of the Segregated Fund and should not be netted with other transactions with the General Fund. This would provide for an appropriate comparison of income performance. This is especially important for Segregated Funds sold to individual investors.</p> <p>All management fees and other expenses pertaining to Segregated Funds sold to individual investors regardless of the fact that they were not received directly in the Segregated Funds must be recorded as expenses of the Segregated Fund.</p>
770 - 810			Provide line descriptions for any other items that formed part of the decrease in Net Assets reconciled.
889	01	P 88.010 L 289, L 389 C 01 & P 88.030 L 889 C 02	Segregated Funds Net Assets, End of Year

OSFI-77	88.020	Policyholders' Equity Reconciliation at Year-End by Type of Fund	
References			
All Segregated Funds must be categorized as one of the seven classes identified in Pages 9-3-6 and 9-3-7 of the OSFI MCCSR/TAAM Guideline.			
Line	Col	Cross Ref	Practice
	01		Equity Beginning of Year Opening balances should agree with the prior year's closing balances for each type of fund category. If the opening balance does not agree with the closing balance for the prior year, an explanatory note of the changes must be provided.
	06		Premium and Other Receipts In addition to new funds for purchase of units of Segregated Funds, premiums include any dividends reinvested by purchasing additional units of the funds.
	26		Withdrawals / Redemption Withdrawals and Redemptions comprise any payments not at the discretion of the Segregated Fund administrators.
	31		Transfers Between Seg. Funds Report in this column any investment or withdrawal of funds by one of the Segregated Fund of the society in the units of another Segregated Fund.
	36		Net Income Report the Net Income from Operation of the funds by type of fund.
	41		Dividends Paid Dividends include any formal payout by the fund which has been approved by the fund administrator.
	51		Equity End of Year Column 51 = columns 01 + 06 – 26 + 31 + 36 – 41 + 46.

OSFI-77		88.020		Equity Reconciliation of the Canadian Branch at End of Year by Type of Fund	
Line	Col	Cross Ref	Practice		
	11		<p>Seed Money</p> <p>Report the amounts transferred from the General Fund as at the beginning of the year. If none, report \$0. Additional transfers during the year are to be reported in column 21.</p> <p>These amounts represent the actual amounts of seed money cumulatively transferred to the Segregated Funds and still remaining in the Segregated Funds. Note that column 11 does not figure into the reconciliation of the “Society’s equity at the end of the year”.</p>		
			<p>Other columns are similar to those dealt with under Policyholders’ Equity Reconciliation above.</p>		

LIFE-1		88.030		Net Assets – By Type of Guarantee	
Line	Col	Cross Ref	Practice		
889	02	P 88.010 L 389, L 889 C 01	Grand Total of Net Assets		

OSFI-77		88.040/88.050		Interrogatories to Segregated Funds	
<p>The interrogatories are self-explanatory.</p> <p>Please attach additional pages to provide explanations to the interrogatories if the lines provided on the pages are not adequate.</p>					