

SECTION I

The Annual Return is designed primarily to enable Regulators to monitor the financial condition and operating results of insurers. Certain compliance requirements can also be monitored from the returns.

Canadian insurance companies may be incorporated or registered federally under the Insurance Companies Act, or under the incorporation statutes of one of the provinces or territories and, in some cases under Private Bill. Regardless of jurisdiction of incorporation, all insurers must first obtain a licence in a particular province or territory before operations can commence.

All Canadian property and casualty insurance companies are required to complete a uniform Annual Return (P&C-1), although jurisdictions may apply certain conditions to meet their own particular requirements. These Instructions are generally applicable to all jurisdictions, but insurers should refer any specific problems or questions about completing the P&C-1 to their primary Regulator.

Generally Accepted Accounting Principles (GAAP)

Canadian property and casualty insurance companies are required to complete their Annual Returns to conform with Generally Accepted Accounting Principles. Various jurisdictions concurrently decided to rely more extensively on audited financial data in assessing financial condition and compliance issues of the reporting insurer. Insurers are reminded that statutory requirements supersede GAAP for the preparation of the P&C-1. For example, the P&C-1 Annual Return must be prepared on an unconsolidated basis.

Statutory Authority

Each jurisdiction has its own statutes which govern the reporting requirements of the particular insurer. Certain jurisdictions will allow an insurer licensed in their jurisdiction, but domiciled in another, to follow the reporting requirements of the home jurisdiction. However, this is not universally accepted and insurers are warned to be aware of the statutes of all jurisdictions in which they are licensed. Relevant legislation for federally and provincially registered insurers is noted in Section V - Jurisdictional Requirements.

Guidelines and Bulletins

Guidelines and Bulletins issued by Regulators are listed under the applicable jurisdiction in Section V - Jurisdictional Requirements.

Foreign Branches (P&C-2)

All Branch operations are required to file the P&C-2 Annual Return. There is a separate set of Instructions to assist in the completion of the P&C-2.

Several provinces require insurers, licensed to write marine only, to file a P&C-2 to report their marine results.

Language Preference

The Annual Returns and the Instructions are available in both official languages. Some jurisdictions will accept filings in either official language. See Section V - Jurisdictional Requirements, for specific details.