



November 21, 2019

To: Federally Regulated Insurers and Insurance Holding Companies

Subject: Consultation on Draft IFRS 17 Regulatory Forms and Instructions for Federally Regulated Insurers

The legislation governing Federally Regulated Insurers (FRIs)¹ stipulates that “financial statements shall, except as otherwise specified by the Superintendent, be prepared in accordance with Generally Accepted Accounting Principles (GAAP), the primary source of which is the Handbook of the Chartered Professional Accountants of Canada”. GAAP for FRIs is effectively International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board (IASB). Through its authority, OSFI may specify additional accounting guidance or disclosure. OSFI makes these specifications in situations where there is a prudential need for additional accounting or disclosures. Public consultation is a valuable component of making sure that our forms and guidelines remain current, efficient and effective.

In May 2017, the IASB issued IFRS 17 *Insurance Contracts* (IFRS 17). IFRS 17 replaces IFRS 4, the current insurance accounting standard, and is effective for annual periods beginning on or after January 1, 2021². This means FRIs will be required to publish financial statements and reporting regulatory returns complying with IFRS 17 for their first quarter in the fiscal year beginning on, or after, January 1, 2021.

This letter advises FRIs of the proposed changes made to the Canadian Council of Insurance Regulators (CCIR) manual of regulatory forms and instructions. The proposed changes ensures that FRIs will continue to report their financial statements to OSFI in accordance with GAAP.

OSFI is seeking views on a confidential basis through a 120-day public consultation, on the draft IFRS 17 manual of regulatory forms and instructions. The public consultation will run from today through to March 21, 2020 on the following regulatory forms and instructions:

- Life/P&C/Mortgage Insurers Core Financial Statement Return;
- Life/P&C/Mortgage Insurers Supervisory Quarterly Statement Return;
- Life/P&C/Mortgage Insurers Supervisory Annual Supplement Return;
- Life/P&C/Mortgage Insurers Provincial Statement Return; and
- The corresponding instructions and validation rules template for each regulatory form.

¹ Federally Regulated Insurers include Canadian branches of foreign life and property and casualty companies, fraternal benefit societies, regulated insurance holding companies and non-operating insurance companies.

² In June 2019, the IASB released an exposure draft proposing amendments to IFRS 17, one of which is a deferral of the effective date by one year to January 1, 2022. The IASB intends to finalize the IFRS 17 amendments by mid-2020. OSFI expects FRIs to continue efforts towards implementation in 2021 and to use the extra year (if extended) for testing and quality assurance purposes.





Note that:

- The returns have been split for ease of review and will be integrated prior to implementation;
- All validation rule reports have been updated to reflect the changes to the forms; and
- The P&C Capital (MCT) pages have been removed from the P&C regulatory returns package and will become a separate Capital return with a different consultation period.

The changes can be viewed on OSFI's Web site at www.osfi-bsif.gc.ca under Regulatory Data and Returns > Filing Financial Returns > Insurance Companies.

Please provide feedback/comments via the comments template (included as an Appendix to this letter) no later than March 21, 2020. Feedback/comments received will be shared on a confidential basis with the CCIR partners.

Question and comments on the draft regulatory forms should be sent to Carole Gagnon, Business Analyst, Risk and Data Analytics at IFRS17@osfi-bsif.gc.ca.

Sincerely,

Ben Gully
Assistant Superintendent
Regulation Sector



APPENDIX - November 2019 OSFI Public Consultation on IFRS 17 Regulatory Returns

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