



Letter

Title Completing OSFI Guideline Consequential Changes as a Result of IFRS 17
Date April 4, 2022
Sector Life Insurance and Fraternal Companies
Property and Casualty Companies

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OSFI has finalized the [outcomes of the consultation](#) on consequential changes as a result of International Financial Reporting Standard 17 - *Insurance Contracts* (IFRS 17). OSFI has also set out plans for further work to refine any elements that remain:

- OSFI's insurance capital related guidelines are continuing on a separate timeline.
- Guideline [E-16 Participating Account Management and Disclosure to Participating Policyholders and Adjustable Policyholders](#) remains under review in consultation with the industry to refine the expectations with an anticipated public release in Q1 2023.

The first annex to this letter provides links to the affected guidelines as they exist now, and to the revised versions that come into effect on January 1, 2023. The guidelines found in Annex 2 are not being amended or replaced. Older versions and guidelines that are no longer in force will be removed from OSFI's website in December of 2023. The delayed removal (Dec 31/23 vs Jan 1/23) considers the range of federally regulated institution's year-end implementation dates.

If there are further questions related to this process or the guidelines referenced, please contact information@osif-bsif.gc.ca.

While work towards institutions' implementation of IFRS 17 remains, the completion of this work demonstrates the value of consulting with the industry in refining and modernizing OSFI's guidelines to ensure their continued effectiveness.

Sincerely,

Ben Gully

Deputy Superintendent

ANNEX 1 – Currently in force and future in force revised guidelines

Currently in force guideline	Guideline in force as of January 1, 2023	Changes since previous consultation
Guideline D-5 <i>Structured Settlements</i>	<u>Guideline D-5 Structured Settlements</u>	Changes to Guideline D-5 <i>Accounting for Structured Settlements</i> reflect feedback received from the industry for better consistency with IFRS 17, in particular for financial reporting implications of Type 2 structured settlement arrangements.
IFRS 9 <i>Financial Instruments and Disclosures</i>	<u>IFRS 9 Financial Instruments and Disclosures</u>	Changes to IFRS 9 <i>Financial Instruments and Disclosures</i> Section 3.2 <i>Annual Disclosures for Property & Casualty Insurers</i> reflect updated references and terminology to ensure it is clear and consistent with IFRS 17.

ANNEX 2 – Guidelines to be rescinded in December of 2023

Guideline	Rationale
C-1 — Impairment - Sound Credit Risk Assessment and Valuation Practices for Financial Instruments at Amortized Cost	Guideline C-1 discusses incurred loss accounting, which will become redundant as a result of the move to the IFRS expected credit loss model. Therefore, this Guideline will be rescinded upon transition to IFRS 9.
D-1A — Annual Disclosures	Has been incorporated into IFRS 9 Financial Instruments and Disclosures Guideline (Section 3.1).
D-1B — Annual Disclosures	Has been incorporated into IFRS 9 Financial Instruments and Disclosures Guideline (Section 3.2).
D-6 — Derivatives Disclosure	Has been incorporated into IFRS 9 Financial Instruments and Disclosures Guideline (Section 3.3).
D-9 — Source of Earnings Disclosure (Life Insurance Companies)	No longer relevant under IFRS 17 as new regulatory reporting forms capture relevant earnings information.
D-10 — Accounting for Financial Instruments Designated as Fair Value Option	Has been incorporated into IFRS 9 Financial Instruments and Disclosures Guideline (Section 1.IV).
E-12 — Inter-segment Notes for Life Insurance Companies	The guideline was intended to apply to CALM valuations only.
F1-F12 — Rescinded Letter (August 22, 2005)	No longer relevant. Will be removed at the end of the consultation period.

Footnotes

- 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.