Letter

Title	Final updated guideline E-16 – Participating account management and disclosure to participating policyholders and adjustable policyholders – Letter (2023)
Date	January 18, 2023
Sector	Life Insurance and Fraternal Companies

To: Federally Regulated Canadian Incorporated Life Insurance CompaniesThe participating and adjustable policies requirements referred to in the ICA apply to Canadian incorporated life insurance companies, including any foreign branch operations outside of Canada. The participating and adjustable policies requirements of the ICA do not apply to a foreign subsidiary of a Canadian insurance company, to the Canadian branch business of a foreign insurance company.

OSFI is publishing the final updated Guideline E-16 – Participating Account Management and Disclosure to Participating Policyholders and Adjustable Policyholders ("E-16" or "the Guideline"). The updated E-16 is effective immediately, and the deadline for implementing the changes is December 31, 2023.

The changes made to the Guideline are intended to provide:

- additional clarification of OSFI's expectations, to aid companies in their interpretation of the *Insurance Company Act* (ICA) and the *Policyholders Disclosure Regulations* (Regulations), and to facilitate greater consistency of practices by companies in satisfying the the requirements of the ICA and the Regulations; and
- additional guidance on the disclosure requirements of the Regulations, to promote greater transparency and consistency of policyholder disclosures.

OSFI would like to thank all respondents who provided feedback on the draft E-16 during the public consultation. The consultation comments received were generally positive and have confirmed that the updated E-16 provides greater clarity on how the requirements of the ICA and the Regulations should be interpreted, and on OSFI's expectations as to how these requirements should be implemented.

Key consultation comments received can be grouped into three broad categories: wording changes proposed for several areas, consistency of the terminologies used, and clarity of the additional disclosure requirements. OSFI reviewed these comments thoroughly and made corresponding changes, where considered appropriate. We believe that the final updated E-16 has achieved our stated goals.

Should you have any questions, please contact Emily Zhang, Director, Actuarial Division by email at Emily.Zhang@osfi-bsif.gc.ca.

Sincerely,

Devon Esson

Managing Director, Actuarial Division

Supervision Sector