Letter

Title	Revised Life Insurance Capital Framework - Standard Approach
Date	January 5, 2015
Sector	Life Insurance and Fraternal Companies

To: Federally Regulated Life Insurance Companies & Fraternal Benefit Societies

The Standard Approach Advisory Group (SAAG), consisting of representatives from the Autorité des marchés financiers (AMF), the Office of the Superintendent of Financial Institutions (OSFI) and Assuris, was formed to review and provide input on some aspects of a revised Canadian solvency framework for life insurers. In November 2008, the working group published the paper *Framework for a New Standard Approach to Setting Capital Requirements*, which set the stage for a review of the entire capital and solvency regime for life insurers. OSFI's paper, *Life Insurance Regulatory Framework*, published in 2012 and updated in 2013, provides an overview and an update of, among other things, the in-depth review of the standard approach.

As part of the process for developing potential methods for determining requirements for specific risks, a series of Quantitative Impact Studies (QIS) have been issued.

The paper titled *Life Insurance Capital Framework – Standard Approach* describes the principles and, in summary, the concepts supporting the development of some key components of the potential new life insurance capital framework standard approach. The aim of the paper is to communicate with a broad audience of stakeholders who wish to gain a high level understanding of some of the potential underpinning principles and concepts of the framework.

The paper reflects the current stage of development, up to and including QIS6, and should not be viewed as OSFI final positions.

OSFI remains committed to developing an appropriate risk-based capital framework and we appreciate the collaboration and support of the industry. Should you have any questions on the direction of the capital framework, please contact me at henri.boudreau@osfi-bsif.gc.ca or by telephone at (613) 998-7478.

Yours truly,

Henri Boudreau

Managing Director, Insurance Capital, Capital Division