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To: All BC Incorporated Insurers

Re: Adoption of OSFI Guideline E-15: Appointed Actuary

The purpose of this letter is to inform BC incorporated insurers that the Financial Institutions Commission (FICOM) has adopted [*Guideline E-15: Appointed Actuary – Legal Requirements, Qualifications and Peer Review*](#) issued by the Office of the Superintendent of Financial Institutions (OSFI).

Guideline E-15 sets out regulatory expectations regarding the role of the Appointed Actuary. Sections 1 and 2 of the guideline largely clarify existing requirements set out in Division 2.1 of Part 4 of the *Financial Institutions Act* (FIA), and section 3 introduces a peer review process comprised of the following elements:

- periodic review of actuarial work by a peer of the Appointed Actuary, normally conducted on a three-year cycle; and
- a limited annual review.

In response to feedback received by stakeholders during the consultation on *Guideline E-15*, FICOM has decided to remove the requirement to conduct a limited annual review in situations where there have been no material changes in the previous year affecting the valuation of policy liabilities and ceded reinsurance assets. A limited annual review will still be expected where material changes have occurred, in addition to the regular three-year review cycle.

For examples on what may constitute a “material change” and for further guidance regarding the concept of “materiality” for the purpose of the peer review, insurers should refer to the content on pages 8 and 9 of *Guideline E-15*.¹

Guideline E-15 is effective immediately. The first three-year peer review cycle will commence with the 2015 year end statements, meaning that the first full review is expected to be completed by the year-end of 2017 at the latest.¹

¹ In deciding whether to undertake a limited annual review or an earlier full review, the Board should consider its responsibilities under section 101 of the FIA to act at all times in the best interests of the insurer.

- Superintendent of Financial Institutions
- Superintendent of Pensions
- Superintendent of Real Estate
- Registrar of Mortgage Brokers

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A detailed list of FICOM's adaptations of OSFI *Guideline E-15* has been enclosed as an appendix to this letter.

If you have any questions regarding FICOM's decision to adopt *Guideline E-15*, please contact Harry James, Director, Policy Initiatives, at harry.james@ficombc.ca. If you have any questions regarding implementation, please contact your FICOM Relationship Manager.

Yours truly,



Frank Chong
Deputy Superintendent, Regulation

Enclosure

KB/ac