

December 4, 2015
File No.: 78000-01
Ref No.: 1346

**To: British Columbia Incorporated Property & Casualty (P&C) Insurers
and British Columbia Authorized Reciprocal Insurance Exchanges**

Re: Adoption of Guideline: Minimum Capital Test (MCT)

This is to inform British Columbia incorporated P&C Insurers and Reciprocal Exchanges that the Financial Institutions Commission (FICOM) has adopted the 2016 Minimum Capital Test (MCT) Guideline, issued in November 2015 by the federal Office of the Superintendent of Financial Institutions (OSFI). The Guideline will come into effect on January 1, 2016.

For reference, Section 8 of the *Capital Requirements Regulation of the Financial Institutions Act* of British Columbia states in part that the minimum adequate capital base of a general insurance company is determined in accordance with the MCT Guideline as established and published, and amended from time to time by OSFI.

Apart from differences due to law and unless otherwise stated, FICOM will adopt future changes to the MCT Guideline as established, published, and amended by OSFI.

Link to websites:

OSFI's 2016 MCT Guideline:

<http://www.osfi-bsif.gc.ca/Eng/Docs/MCT2016.pdf>

OSFI's 2016 MCT's Accompanying Letter:

<http://www.osfi-bsif.gc.ca/Eng/Docs/mct2016-let.pdf>

Financial Institutions Act Capital Requirements Regulation of British Columbia:

http://www.bclaws.ca/civix/document/id/complete/statreg/315_90

Should you have any questions, please contact Tiffany Mak, Senior Analyst, Information Management, at tiffany.mak@ficombc.ca.

Sincerely,



for: Stanley Chang
Director, Information Management

TM/db

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

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