
BULLETIN NUMBER: 02-2013

TITLE: ADOPTION OF OSFI GUIDELINES FOR
PROVINCIALY REGULATED INSURANCE ENTITIES

DATE: March 2013

PURPOSE

The purpose of this interpretation bulletin is to inform all provincially incorporated Property and Casualty Insurers, Life Insurers and Reciprocal Insurance Exchanges either formed under the *Insurance Act*, or who have transferred to Alberta such that Alberta is their primary regulator, (collectively, “provincially regulated insurance entities”) of the applicable solvency, governance and other supervisory guidelines currently in effect.

To ensure a fair and balanced regulatory approach, including consistency across the insurance industry and transparency of expectations, the Superintendent of Insurance has adopted and issued the Guidelines of the federal Office of the Superintendent of Financial Institutions (OSFI Guidelines) in full including future revisions in accordance with section 792.1 of the *Insurance Act*. The Superintendent intends to apply these OSFI Guidelines with appropriate discretion having regard to the size, risk, complexity and structure of each provincially regulated insurance entity.

The attached schedule lists the applicable OSFI Guidelines that have been adopted and issued. Future additions, revisions or updates of the schedule will be maintained on the [Information for Insurers web page](#).

Please contact us at tbf.insurance-licens@gov.ab.ca if you have any questions, or for more information.

[ORIGINAL SIGNED]

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Schedule

OSFI Guidelines adopted and issued by the Superintendent of Insurance for Provincially Regulated Insurance Entities

In accordance with section 792.1 of the *Insurance Act*, the Superintendent of Insurance has adopted and issued the following Guidelines of the Office of the Superintendent of Financial Institutions (OSFI Guidelines), including future revisions, for all provincially incorporated Property and Casualty Insurers, Life Insurers and Reciprocal Insurance Exchanges, either formed under the *Insurance Act*, or who have transferred to Alberta such that Alberta is their primary regulator, (collectively, “provincially regulated insurance entities”).

Apart from differences due to law and unless otherwise stated, the Superintendent of Insurance has adopted and issued these Guidelines, including revisions thereto, in full. The Superintendent intends to apply the OSFI Guidelines with appropriate discretion having regard to the size, risk, complexity and structure of each provincially regulated insurance entity. The Superintendent of Insurance may, with appropriate discretion, require extra-provincial incorporated entities licensed to operate in Alberta to comply with the OSFI Guidelines.

Line No.	Ref.	OSFI Guideline Name	Date Adopted by Alberta	Applicable to Life Insurance Companies	Applicable to P&C Insurance Companies	Applicable to Reciprocals
<i>Capital Adequacy Requirements</i>						
1	A	Minimum Continuing Capital and Surplus Requirements	March 2013	x		
2	A	Minimum Capital Test	March 2013		x	x
3	A-4	Internal Target Capital Ratio for Insurance Companies	March 2013	x	x	x
<i>Prudential Limits and Restrictions</i>						
4	B-1	Prudent Person Approach	March 2013	x	x	x
5	B-4	Securities Lending	March 2013	x	x	x
6	B-5	Asset Securitization	March 2013	x	x	
7	B-7	Derivatives Best Practices	March 2013	x	x	
8	B-9	Earthquake Exposure Sound Practices	March 2013		x	x
9	B-10	Outsourcing of Business Activities, Functions and Processes	March 2013	x	x	x
10	B-11	Pledging	March 2013	x	x	x
11	E-2	Commercial Lending Criteria	March 2013	x		

Line No.	Ref.	OSFI Guideline Name	Date Adopted by Alberta	Applicable to Life Insurance Companies	Applicable to P&C Insurance Companies	Applicable to Reciprocals
<i>Accounting</i>						
12	C-1	Impairment - Sound Credit Risk Assessment and Valuation Practices for Financial Instruments at Amortized Cost	March 2013	x	x	x
13	D-1A	Annual Disclosures	March 2013	x		
14	D-1B	Annual Disclosures	March 2013		x	x
15	D-5	Accounting for Structured Settlements	March 2013		x	
16	D-6	Derivatives Disclosure	March 2013	x	x	x
17	D-9	Source of Earnings Disclosure (Life Insurance Companies)	March 2013	x		
18	D-10	Accounting for Financial Instruments Designated as Fair Value Option	March 2013	x	x	x

Line No.	Ref.	OSFI Guideline Name	Date Adopted by Alberta	Applicable to Life Insurance Companies	Applicable to P&C Insurance Companies	Applicable to Reciprocals
<i>Sound Business and Financial Practices</i>						
19	n/a	Corporate Governance Guideline	March 2013	x	x	x
20	B-3	Sound Reinsurance Practices and Procedures	March 2013	x	x	x
21	B-8	Deterring & Detecting Money Laundering	March 2013	x		
22	B-20	Residential Mortgage Underwriting Practices and Procedures	March 2013	x	x	
23	E-5	Retention/Destruction of Records	March 2013	x		
24	E-13	Legislative Compliance Management (LCM) Guideline	March 2013	x	x	x

25	E-14	Role of the Independent Actuary	March 2013	x		
26	E-15	Appointed Actuary: Legal Requirements, Qualifications and Peer Review	March 2013	x	x	x
27	E-17	Background Checks on Directors and Senior Management	March 2013	x	x	x
28	E-18	Stress Testing	March 2013	x	x	x

OSFI's Guidelines can be found here:

<http://www.osfi-bsif.gc.ca/eng/fi-if/rg-ro/gdn-ort/gl-ld/Pages/default.aspx>