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## **MEMORANDUM**

**TO:** All Ontario Incorporated Property and Casualty Insurance Companies and Reciprocal Insurance Exchanges

**FROM:** Vivien Chiang, Senior Actuarial Consultant  
Actuarial Services

**DATE:** December 20, 2019

**RE: 2019 PROPERTY AND CASUALTY MEMORANDUM  
TO THE APPOINTED ACTUARY**

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We have updated the 2019 Property and Casualty Memorandum to the Appointed Actuary (Instructions). The Actuarial Report, pursuant to subsection 121.13(1) of the *Insurance Act*, must be submitted with the Annual Statements filed under subsection 102(1) of the *Insurance Act*.

With the exception of mutual insurance corporations that are members of the Fire Mutuals Guarantee Fund, all property and casualty insurance companies and reciprocals are required to submit an actuarial valuation report with their annual statements.

This Memorandum describes the actuarial requirements of the Financial Services Regulatory Authority (FSRA) of Ontario with respect to Appointed Actuary's Report (AAR) on Property and Casualty insurance business. Ontario requirements are mostly the same as those issued by OSFI, except differences in the review procedure and filing directions as noted.

This 2019 Memorandum and other relevant documents can be found on our website at <https://www.fsrao.ca>. Instructions that deserve special attention are highlighted in bold.

Special attention should be made to the Educational Note issued by the CIA Committee on Property and Casualty Insurance Financial Reporting in October 2019. Specifically, the Appointed Actuary would consider the potential effect on the valuation of insurance contract liabilities and DCAT due to automobile product reforms. For details on the latest Ontario Benchmark Reform Loss Cost Adjustment Factors, please refer to FSRA Analysis of Reform Cost and Loss Trend Rates issued October 2019, where applicable.

Specific changes related to Appendix II - Unpaid Claims and Loss Ratio Analysis Exhibit (UCLRE) are discussed in Section 8.2. These include:

- Added claim count information
- Added total undiscounted unpaid claims and adjusted expenses and reported claim counts to date as at prior year-end
- Removed information with respect to discounted loss ratio

For security reasons, companies should use FSRA's file transfer facility to upload the electronic copy of the Report of the Actuary, UCLRE, and the annual filing return by making a request to FSRA contact. When separate electronic report is provided using the secured file transfer facility, it is preferable if information can be easily copied by FSRA staff and thus, the report should not be protected and exhibits should be in a format that can easily be transferred to a spreadsheet. For companies who are required to submit the Dynamic Capital Asset Testing report (DCAT), they should send the electronic copy of the report to FSRA no later than September 30, 2020.

Please ensure that the Appointed Actuary of your company is provided with a copy of the Memorandum. Should you have any questions or comments, please contact me at (416) 590-2095.

Vivien Chiang  
Senior Actuarial Consultant  
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Auto/Insurance Products