

OSFI ADDS THE EARTHQUAKE EXPOSURE DATA RETURN TO ITS LATE AND ERRONEOUS FILING PENALTY FRAMEWORK

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The Office of the Superintendent of Financial Institutions (“OSFI”) requires federally regulated financial institutions, including Property and Casualty (“P&C”) companies and branches operating in Canada, to file financial and corporate information to ensure compliance with their regulatory obligations. OSFI introduced the Late and Erroneous Filing Penalty (“LEFP”) Framework in 2002 as a way to encourage timely and error-free filing. The Superintendent has authority to impose monetary penalties pursuant to the terms of the *Office of the Superintendent of Financial Institutions Act* R.S.C., 1985, c. 18 (3rd Supp.), Part I and the *Administrative Monetary Penalties (OSFI) Regulations* SOR/2005-267. The LEFP Framework therefore incorporates monetary penalties for late and erroneous filings.

Certain financial and corporate returns that P&C insurers are required to file are subject to OSFI’s LEFP Framework if filed late or if they contain erroneous or incomplete information. These returns are listed in Appendix III of the Administrative Procedures for the LEFP Framework. On January 23, 2019, OSFI released an update to Appendix III of the Administrative Procedures for the LEFP Framework. The Earthquake Exposure Data Return has been added to Appendix III and is now subject to the LEFP Framework.

All federally regulated P&C insurers are required to develop sound and prudent approaches to manage earthquake exposure risk regardless of whether or not the insurer is exposed to this risk. In doing so, P&C insurers collect data to estimate their respective earthquake exposure risk. To ensure that the data collected is consistent, accurate and complete, OSFI requires P&C insurers to file an Earthquake Exposure Data Return annually. The addition of the Earthquake Exposure Data Return to Appendix III of the Administrative Procedures for the LEFP Framework means that a late or erroneous filing of this return now attracts an LEFP.

As such, to avoid a monetary penalty, it is imperative that P&C insurers file an error-free Earthquake Exposure Data Return by the prescribed deadline, which is May 31st of each year.

The updated LEFP Framework Instruction Guide can be found [here](#).

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a cautionary note

The foregoing provides only an overview and does not constitute legal advice. Readers are cautioned against making any decisions based on this material alone. Rather, specific legal advice should be obtained.

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