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## **OSFI ISSUES FINAL IFRS 17 REGULATORY FORMS AND INSTRUCTIONS FOR FEDERALLY REGULATED INSURERS**

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## Categories: Insights, Publications

The International Financial Reporting Standard 17 - *Insurance Contracts* ("**IFRS 17**") will become effective for annual reporting periods of federally regulated insurers and insurance holding companies ("**FRIs**") beginning on or after January 1, 2023 (see our <u>prior bulletin</u> for further details). As such, the Office of the Superintendent of Financial Institutions ("**OSFI**") has undertaken a number of initiatives to reflect the changes required pursuant to the new IFRS 17 reporting standard.

On April 30, 2021, OSFI released a <u>letter</u> to all FRIs advising that it has issued the final IFRS 17 Regulatory Forms and Instructions (the "**Returns**") which FRIs will be required to use starting January 1st, 2023 (for December fiscal year end filers) or November 1st, 2023 (for October fiscal year end filers):

- 2023 IFRS 17 Life Insurance Return
- 2023 IFRS 17 P&C Insurance Return
- <u>2023 IFRS 17 Mortgage Insurance Return</u>

The following updates have been made to the Returns in order to coincide with the implementation of IFRS 17:

- <u>Life Insurance Return</u>: The existing Life Quarterly (10Q) and Annual Supplement (10A) returns have been decommissioned. New Quarterly and Annual Returns (Life Core Financial Statement Return (LF1), Life Supervisory Quarterly Return (LF2), Life Supervisory Annual Supplement Return (LF3) and Life Provincial Return (LFPROV)) have been created to be effective as of Q1 2022.

- <u>P&C Insurance Return</u>: The existing P&C Quarterly (1Q) and Annual Supplement (1A) returns have been decommissioned. New Quarterly and Annual Returns (P&C Core Financial Statement Return (PC1), P&C Supervisory Quarterly Return (PC2), P&C Supervisory Annual Supplement Return (PC3) and P&C Provincial Return (PCPROV)) have been created to be effective as of Q1 2022. The capital related return pages have also officially been removed from the P&C return, and new Minimum Capital Test (MCT) (PC4) Return and Instructions have been created and posted to OSFI's external website.

- <u>Mortgage Insurance Return</u>: The existing MI Financial Quarterly (MII) and Annual Supplement (MI2)



returns have been decommissioned. New Financial Quarterly and Annual Returns (MI Core Financial Statement Return (MI3), MI Supervisory Quarterly Return (MI4), MI Supervisory Annual Supplement Return (MI5) and MI Provincial Return (MIPROV)) have been created to be effective as of Q1 2022.

Users are encouraged to fully review the 2021 updated instructions, and the 2022 edition of the quarterly and annual return filings.

These updates follow the <u>public consultation</u> that took place between November 2019 and August 2020, whereby OSFI sought views from FRIs on the following draft IFRS 17 regulatory forms and instructions:

- Life/P&C/Mortgage Insurers Core Financial Statement Return;
- Life/P&C/Mortgage Insurers Supervisory Quarterly Statement Return;
- Life/P&C/Mortgage Insurers Supervisory Annual Supplement Return;
- Life/P&C/Mortgage Insurers Provincial Statement Return; and
- The corresponding instructions and validation rules template for each regulatory form.

OSFI received over 700 comments from various stakeholders, and all comments received were taken into consideration in finalizing the Returns. The annex to the OSFI letter summarizes the material comments received and OSFI's responses to those comments.

In reviewing the consultation comments and issuing the final Returns, OSFI continues to emphasize that the changes made will ensure FRIs continue to report their financial statements in accordance with GAAP, as required by subsections 331(4) and 887(4) of the *Insurance Companies Act*. The delivery of the final Returns represents a major deliverable under OSFI's IFRS 17 project and allows FRIs time for implementation and systems modifications before the pending transition to IFRS 17.

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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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