

Memorandum

To: All Fellows, Affiliates, Associates, and Correspondents of the Canadian Institute of Actuaries and Other Interested Parties

From: A. David Pelletier, Chair
Actuarial Standards Board
Ty Faulds, Chair
Designated Group

Date: February 12, 2013

Subject: **Final Standards for Practice-Specific Standards on Insurance Contract Valuation (Section 2300) to Narrow the Range of Practice on Certain Elements**

Document 213009

INTRODUCTION

The attached final standards were approved by the Actuarial Standards Board (ASB) on January 31, 2013.

A [notice of intent](#) on this matter was published on April 3, 2012, and an [exposure draft](#) was published on October 30, 2012, with a comment period ending on December 15, 2012.

BACKGROUND

As stated in the above documents, the ASB received input on areas within the practice-specific standards on insurance contract valuation where the range of practice may be too wide and changes to the standards may be warranted. The ASB formed a Designated Group (DG) to review and recommend any appropriate changes. It consisted of Ty Faulds (Chair), Michael Banks, Cindy Forbes, and Andrea Sherry.

The revisions clarify the standards in the following areas relating to life and health insurance contract valuation (section 2300):

- Assumptions for non-fixed income asset classes where reliable historical data are not available;
- Considerations where regulatory approval is required on adjustable products; and
- Policyholder behaviour assumptions.

COMMENTS RECEIVED

No comments were received on the exposure draft and the final standards are the same as the exposure draft.

DUE PROCESS AND IMPLEMENTATION

The ASB's Policy on Due Process for the Adoption of Standards of Practice was followed in the development of these revisions to the Standards of Practice.

The revised standards are effective as of March 15, 2013. Early implementation is permitted.

ADP, TF



Memorandum

To: All Fellows, Affiliates, Associates, and Correspondents of the Canadian Institute of Actuaries and Other Interested Parties

From: A. David Pelletier, Chair
Actuarial Standards Board

Date: March 15, 2013

Subject: **Correction of Minor Error in the Standards of Practice for Pension Plans and in the Standards of Practices for Insurers – French Version**
Document 213014

INTRODUCTION

Occasionally after final standards have been published, the Actuarial Standards Board (ASB) discovers that a minor error (typographical or similar) has been made. In such a situation, due process calls for the chair of the ASB, or another ASB member appointed by the chair, to work with the CIA Head Office to correct the error and communicate the correction to CIA members and other interested parties.

A minor error was found in the French version of the revised part 3000 published on December 21, 2012. The third bullet of paragraph 3260.06.1 is missing “1” before the word “importance.” This part of this sentence should read as follows: “revêt de l’importance.” The correction to paragraph 3260.06.1 is highlighted against the current standards of practice [*French version only*].

A minor error was also found in the French version of part 2000. In paragraph 2520.10, “des actifs de l’assureur” should read “de l’actif de l’assureur.” The correction to paragraph 2520.10 is highlighted against the current standards of practice [*French version only*].

EFFECTIVE DATE

The effective date of the revised standards of practice is March 15, 2013.

IMMEDIATE IMPLEMENTATION

The recommended changes do not introduce any conflicts with existing standards of practice. Hence, immediate implementation of the revised standards of practice is required.

DUE PROCESS

The ASB’s Policy on Due Process for the Adoption of Standards of Practice was followed in the development of the revised standard of practice.

ADP

3260.06.1

.06.1 Pour chaque évaluation qui n'est pas une évaluation en continuité, ni une évaluation de liquidation hypothétique, ni une évaluation de solvabilité, le rapport destiné à un utilisateur externe devrait :

- *décrire les méthodes utilisées pour calculer le passif et(ou) la cotisation d'exercice, selon le cas;*
- *décrire les méthodes utilisées pour évaluer l'actif du régime, le cas échéant;*
- *décrire les hypothèses utilisées et fournir une explication pour chaque hypothèse qui revêt de l'importance quant aux avis de l'actuaire; et*
- *inclure une description de la mesure dans laquelle les prestations conditionnelles ont été prises en compte ou sont exclues.*

2520.10

.10 La santé financière de l'assureur serait satisfaisante si, pendant toute la période de projection, en vertu du scénario de base et de tous les scénarios défavorables mais plausibles, la déclaration de valeur ~~des de~~ l'actifs de l'assureur est plus grande que la déclaration de valeur de son passif;

en vertu du scénario de base, l'assureur satisfait aux exigences de surveillance relatives au montant cible de capital requis.