

## Capital Adequacy Requirements Guideline – Life and Health Insurance

### (Insurers Act, CQLR, chapter A-32.1, ss. 463 and 464)

The Autorité des marchés financiers (the “AMF”) is publishing for comment the draft amendment to the *Capital Adequacy Requirements Guideline – Life and Health Insurance* (the “Guideline” or “CARLI”). This Guideline applies to insurers of persons (life and health insurers) authorized to carry on insurer activities in Québec.

The amendments are primarily intended to:

- review the internal model approach with recognition of dynamic hedging for segregated fund guarantee (“SFG”) risk (the “Internal Model”);
- implement a standard approach and a simplified option for capital requirements (the “New Framework”) for SFG to replace the current capital requirements for SFG other than those that fall within the scope of the Internal Model;
  - The New Framework includes a capital add-on, with a scalar that will be deployed over a defined transition period and that will evolve as work progresses at the national level on risks not covered or undervalued by the New Framework.
- make changes to improve harmonization across Canada, specifically to:
  - exempt from CARLI intervention target ratios any group that is the holder of control of a life and health insurer and that, without being a financial institution, is subject to certain CARLI requirements;
  - recognize two additional credit rating agencies;
  - make minor corrections to CARLI formulas.

The amended Guideline is expected to come into effect on January 1, 2025, for fiscal years beginning on or after this date. Early application is not permitted.

Interested persons must submit their comments by October 22, 2024. All comments may be made public unless otherwise noted.

The draft amendment to the Guideline is published below and is also available under [Insurance and Financial Planning - consultations under way | AMF \(lautorite.qc.ca\)](#) on the AMF website.

### Request for comments

Comments must be submitted to:

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## **Further information**

Further information is available from:

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