

## Notice regarding first target capital ratio reporting date for life and health insurers (insurance of persons)

### 1. Scope

This Notice is intended for insurers licensed to practice life and health insurance in Québec.

### 2. Introduction

The amendments made in December 2010 to the *Guideline on Capital Adequacy Requirements* (“CAR”) (the “Guideline”) mainly concerned the expectations of the *Autorité des marchés financiers* (the “Authority” or the “AMF”) with respect to the target capital ratio to be provided by insurers.

In addition to traditional insurance risks covered by the CAR ratio, insurers are now required to explicitly capture the following risks:

- residual credit, market and insurance risks; for example, foreign exchange risk and certain risks related to risk transfers;
- operational risks;
- liquidity risks;
- concentration risks;
- legal and regulatory risks;
- strategic risks;
- reputation risk.

At the Authority’s request, insurers will also be required to justify their target capital ratio and support their explanations with an appropriate calculation method and data.

#### ***First target capital ratio reporting date***

The initial deadline set in the Guideline for the reporting of the target capital ratio was December 31, 2011.

In the interests of harmonizing its practices at the Canadian level, and to avoid duplication of calculations by insurers with several subsidiaries, the AMF intends to grant insurers additional time to report their target capital ratio.

Insurers will now have until **June 30, 2012** to report their ratio. The member of the senior management responsible for risk management will need to provide an official letter clearly stating the target capital ratio set by the insurer.

For insurers constituted or continued under a statute of Quebec, the letter must be accompanied by a document explaining the approach, method and data used to determine the target percentage for each risk identified (risks not explicitly addressed or calculated in the CAR process).

The letter and supporting document are to be sent to the *Direction de la surveillance des assureurs* (AMF Supervision of Insurers) by e-mail or regular mail at the following address:

**Mailing address:**

Autorité des marchés financiers  
Direction de la surveillance des assureurs  
Place de la Cité, tour Cominar  
2640, boulevard Laurier, bureau 400  
Québec (Québec) G1V 5C1

**E-mail:**

[Info-divulgations@lautorite.qc.ca](mailto:Info-divulgations@lautorite.qc.ca)

**Further information**

Further information is available from:

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Direction des normes et de l'assurance-dépôts  
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