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MEMORANDUM

TO: All P&C Actuaries of the Canadian Institute of Actuaries

FROM: Elaine Lajeunesse, Chairperson
Committee on Property and Casualty Insurance Financial Reporting

DATE: November 26, 2004

SUBJECT: **Year-End and DCAT Reminder**

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As the year-end is looming for most actuaries, the Committee on Property & Casualty Financial Reporting would like to remind all members to review the Rules of Professional Conduct (Rules)¹ and Standards of Practice (SOP)².

While all of the Rules and SOP are important, we would like to direct your attention to the following in particular:

- Rules 14 to 17 – Reporting
- SOP Section 1600 – Another Person’s Work
- SOP Section 1800 – Reporting
- SOP Section 2100 – Valuation of Policy Liabilities: All Insurance
- SOP Section 2200 – Valuation of Policy Liabilities: P&C Insurance
- SOP Section 2400 – The Appointed Actuary
- SOP Section 2500 – Dynamic Capital Adequacy Testing

Also to assist you in your year-end and DCAT efforts, the following educational notes are valuable sources of information:

- DCAT – Minimum Regulatory Capital Requirement – July 2003
(<http://www.actuaries.ca/publications/2003/203060e.pdf>)
- Valuation of Policy Liabilities P&C Insurance Considerations Regarding Claim Liabilities and Premium Liabilities – June 2003
(<http://www.actuaries.ca/publications/2003/203051e.pdf>)

¹ <http://www.actuaries.ca/publications/2003/203099e.pdf>

² http://www.actuaries.ca/publications/sop_current_e.html

- Evaluation of the Runoff of Claims Liabilities When the Liabilities are Discounted in Accordance with Accepted Actuarial Practice – March 2003 (<http://www.actuaries.ca/publications/2003/203023e.pdf>)
- Dynamic Capital Adequacy Testing - Life and P&C – June 1999 (<http://www.actuaries.ca/publications/1999/9930e.pdf>)
- Discounting – April 1999 (<http://www.actuaries.ca/publications/1999/9917e.pdf>)

In addition to the Rules, SOP and educational notes, the repealed memorandum of November 1993 entitled *Provision for Adverse Deviations (Property & Casualty)*³ provides useful guidance for the selection of margins for adverse deviation until a suitable replacement is published by the Canadian Institute of Actuaries. Specifically, it lists many important considerations influencing the selection of margins, and provides descriptions of high and low margin situations.

Finally, the Committee on Property and Casualty Financial Reporting remains available for all of your questions and comments.

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³ <http://www.actuaries.ca/publications/1993/9371e.pdf>