



Canadian Institute of Actuaries • Institut Canadien des Actuaires

MEMORANDUM

TO: All Life Insurance Practitioners
FROM: Simon Curtis, chairperson
Committee on Life Insurance Financial Reporting
DATE: January 17, 2001
SUBJECT: **Guidance for the 2000 Valuation of Life Policy Liabilities**

Document 20103

Section 7.2 of Committee on Life Insurance Financial Reporting's letter to Appointed Actuaries for the year-end 2000 valuation covered CLIFR's recommended practice on how actuaries should deal with the Federal Government's announced intentions to reduce corporate tax rates.

In our letter, we recommended that actuaries follow the CICA criteria in section 3465 of the CICA Handbook. Section 3465 states that income tax rates should be substantively enacted to be considered in the calculation of income tax assets or liabilities. At the time of the CLIFR letter, the CICA had not judged the proposed federal changes to be substantively enacted.

In a bulletin dated December 13, 2000, the CICA wrote that the announced changes to federal income tax rates through 2004, as well as changes to future inclusion rates for capital gains should now be considered substantively enacted. Consistent with our recommended practice, CLIFR believes that good actuarial practice would be for actuaries to also consider these changes enacted in performing their year-end valuations.

We recommend that the actuary disclose where this practice is not being followed, and in particular, note any situation where accounting and actuarial practices are inconsistent.

Questions or comments can be addressed to any member of CLIFR.

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