

Final

**Standards of Practice – Part 5000
Practice-Specific Standards for Public
Personal Injury Compensation Plans**

Actuarial Standards Board

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1100 INTRODUCTION

1110 DEFINITIONS

- .01 Each term set over dotted underlining has the meaning given in this section and has its ordinary meaning otherwise (e.g., external user).
- .02 Accepted actuarial practice is the consensus of the actuarial profession on how work should be done. Unless the context requires otherwise, references to accepted actuarial practice refer to accepted actuarial practice for work in Canada. [*pratique actuarielle reconnue*]
- .03 Actuarial cost method is a method to allocate the present value of a plan's obligations to time periods, usually in the form of a service cost and an accrued liability. [*méthode d'évaluation actuarielle*]
- .04 Actuarial present value method is a method to calculate the lump sum equivalent at a specified date of amounts payable or receivable at other dates as the aggregate of the present values of each of those amounts at the specified date, and taking into account both the time value of money and contingent events. [*méthode de la valeur actuarielle*]
- .05 Anti-selection is the tendency of one party in a relationship to exercise options to the detriment of another party when it is to the first party's advantage to do so. [*antisélection*]
- .06 Appointed actuary of an entity is an actuary formally appointed, pursuant to legislation, by the entity to monitor the financial condition of that entity. [*actuaire désigné*]
- .07 Appropriate engagement is one which does not impair the actuary's ability to conform to the rules. [*mandat approprié*]
- .08 Benefits liabilities are the liabilities of a plan in respect of claims incurred on or before a calculation date. [*obligations liées aux prestations*]
- .09 Best estimate means without bias, neither conservative nor unconservative. [*meilleure estimation*]
- .10 Calculation date is the effective date of a calculation; e.g., the balance sheet date in the case of a valuation for financial statements. It usually differs from the report date. [*date de calcul*]
- .11 Case estimate at a calculation date is the unpaid amount of one of, or a group of, an insurer's reported claims (perhaps including the amount of claim adjustment expenses), as estimated by a claims professional according to the information available at that date. [*évaluation du dossier*]
- .12 Claim adjustment expenses are internal and external expenses in connection with settlement of claims. [*frais de règlement des sinistres*]
- .13 Claim liabilities are the portion of insurance contract liabilities in respect of claims incurred on or before the balance sheet date. [*passif des sinistres*]

- .14 Contingent event is an event which may or may not happen, or which may happen in more than one way or which may happen at different times. [*éventualité*]
- .15 Contribution is a contribution by a participating employer or a plan member to fund a benefits plan. [*cotisation*]
- .16 Definitive means permanent and final. [*décision définitive*]
- .17 Development of data with respect to a given coverage period is the change in the value of those data from one calculation date to a later date. [*matérialisation*]
- .18 Domain of actuarial practice is the measurement of the current financial implications of future contingent events. [*domaine de la pratique actuarielle*]
- .19 Early implementation means the implementation of new standards before their effective date. [*mise en œuvre anticipée*]
- .20 Earnings-related benefit is a benefit whose amount depends on the recipient's earnings. [*régime salaire de carrière*]
- .21 External user is a user who is not an internal user. [*utilisateur externe*]
- .22 External user report is a report whose users include an external user. [*rapport destiné à un utilisateur externe*]
- .23 Financial condition of an entity at a date is its prospective ability at that date to meet its future obligations, especially obligations to policy owners, members, and those to whom it owes benefits. Financial condition is sometimes called “future financial condition”. [*santé financière*]
- .24 Financial position of an entity at a date is its financial state as reflected by the amount, nature, and composition of its assets, liabilities, and equity at that date. [*situation financière*]
- .25 To fund a plan is to dedicate assets to its future benefits and expenses. Similarly for “funded” and “funding”. [*provisionner*]
- .25.1 Funded status is the difference between the value of assets and the actuarial present value of benefits allocated to periods up to the calculation date by the actuarial cost method, based on a valuation of a pension plan. [*niveau de provisionnement*]
- .26 Going concern valuation is a valuation which assumes that the entity to which the valuation applies continues indefinitely beyond the calculation date. [*évaluation en continuité*]
- .27 Indexed benefit is a benefit whose amount depends on the movement of an index like the Consumer Price Index. [*prestation indexée*]

- .27.1 Insurance contract is a contract under which one party (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. Insurance contract includes group insurance, third party contracts where the owner of the contract and the person who is compensated (the policyholder) differ, and all like arrangements substantively in the nature of insurance.¹ [*contrat d'assurance*]
- .27.2 Insurance contract liabilities in an insurer's balance sheet are the liabilities at the balance sheet date on account of the insurer's insurance contracts, including commitments, which are in force at that date or which were in force before that date. [*passif des contrats d'assurance*]
- .28 Insurer is the party that has an obligation under an insurance contract to compensate a policyholder if an insured event occurs. Insurer includes a fraternal benefit society and the Canadian branch of a foreign insurer, but does not include a public personal injury compensation plan.¹ [*assureur*]
- .29 Internal user is the actuary's client or employer. Internal user and external user are mutually exclusive. [*utilisateur interne*]
- .30 Internal user report is a report all of whose users are internal users. [*rapport destiné à un utilisateur interne*]
- .31 Margin for adverse deviations is the difference between the assumption for a calculation and the corresponding best estimate assumption. [*marge pour écarts défavorables*]
- .32 New standards means new standards, or amendment or rescission of existing standards. [*nouvelles normes*]
- .33 Periodic report is a report that is repeated at regular intervals. [*rapport périodique*]
- .34 Plan Administrator is the person or entity with overall responsibility for the operation of a benefit plan. [*administrateur d'un régime*]
- .35 Policy liabilities in an insurer's balance sheet are the liabilities at the balance sheet date on account of the insurer's policies, including commitments, which are in force at that date or which were in force before that date. Policy liabilities consist of insurance contract liabilities and liabilities for policy contracts other than insurance contracts. [*passif des polices*]
- .35.1 Policyholder is a party that has a right to compensation under an insurance contract if an insured event occurs.² [*titulaire de police*]

¹ The wording of the first sentence of this definition is identical to the corresponding definition appearing in IFRS 4 Appendix A, as of November 2009. The second sentence is explanatory and not part of that definition.

² The wording of this definition is identical to the corresponding definition appearing in IFRS 4 Appendix A, as of November 2009.

- .36 Practice committee means the committee or committees, either standing or ad hoc, to which the Practice Council has assigned responsibility for the practice area which particular new standards affect. [*commission de pratique*]
- .37 Premium liabilities are the portions of insurance contract liabilities that are not claim liabilities. [*passif des primes*]
- .38 Prescribed means prescribed by these standards. [*prescrit*]
- .39 Provision for adverse deviations is the difference between the actual result of a calculation and the corresponding result using best estimate assumptions. [*provision pour écarts défavorables*]
- .40 Public personal injury compensation plan means a public plan
whose primary purpose is to provide benefits and compensation for personal injuries,
whose mandate may include health and safety objectives and other objectives ancillary to the provision of benefits and compensation for personal injuries, and
that has no other substantive commitments.
- The benefits and compensation provided under such public plans are defined by statute. In addition, such public plans have monopoly powers, require compulsory coverage except for those groups excepted by legislation or regulation, and have the authority to set assessment rates or premiums. [*régime public d'assurance pour préjudices corporels*]
- .41 Recommendation means an italicized recommendation in these standards. Similarly for “recommend”. [*recommandation*]
- .42 Report is an actuary’s oral or written communication to users about his or her work. Similarly for “to report”. [*rapport*]
- .43 Report date is the date on which the actuary completes the report on his or her work. It usually differs from the calculation date. [*date du rapport*]
- .43.1 Reinsurance recoverables in an insurer’s balance sheet are the assets at the balance sheet date on account of reinsurance treaties, including commitments, which are in force at that date or which were in force before that date. [*sommes à recouvrer auprès des réassureurs*]
- .44 Report pursuant to law is a report for which the law requires an actuary’s opinion. [*rapport en vertu de la loi*]
- .45 Rule means a rule in the Institute’s Rules of Professional Conduct. [*règle*]
- .46 Scenario is a set of consistent assumptions. [*scénario*]
- .47 Service cost is that portion of the present value of a plan’s obligations which an actuarial cost method allocates to a time period, excluding any payment for that period in respect of unfunded accrued liability. [*cotisation d’exercice*]

- .48 Standard reporting language is standard language for an external user report. [*libellé du rapport type*]
- .49 Subsequent event is an event which occurs after a calculation date but before the corresponding report date. [*événement subséquent*]
- .50 Use means use by the actuary, usually in the context of use of another person's work. [*utilisation*]
- .51 User means an intended user of the actuary's work. [*utilisateur*]
- .52 Virtually definitive means to become definitive upon completion of one or more actions which are seen as formalities. [*pratiquement définitive*]
- .53 Work means the actuary's work within the domain of actuarial practice and usually includes
 acquisition of knowledge of the circumstances of the case,
 obtaining sufficient and reliable data,
 selection of assumptions and methods,
 calculations and examination of the reasonableness of their result,
 use of other persons' work,
 formulation of opinion and advice,
 reporting, and
documentation. [*travail*]

5000—PUBLIC PERSONAL INJURY COMPENSATION PLANS

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5100 SCOPE

- .01 The standards in this part apply to an actuary's work on the valuation of benefits liabilities of a public personal injury compensation plan, including its benefits liabilities in respect of a self-insured employer, and to any other items required under the terms of an appropriate engagement for a public personal injury compensation plan, for the purpose of its financial statements and for the purpose of providing input into its funding arrangements.
- .02 The standards in this part do not apply to an actuary's work for an employer on the valuation of benefits liabilities and other related items in respect of its employees who are covered by a self-insured element of a public personal injury compensation plan, where such work is covered by the Practice-Specific Standards for Post-Employment Benefit Plans. Nevertheless, the standards in this part may provide useful guidance for such work.

5200 EXTENSION OF SCOPE

- .01 The standards in this part may also provide useful guidance for other work of an actuary for a public personal injury compensation plan, such as work on the development of assessment rates or premiums, the costing of benefits or policy changes, or work on experience-rating programs.
- .02 The standards in this part do not, however, provide useful guidance in the case of an entity merely because it is a monopoly, such as a monopoly of benefits that are optional or a government monopoly that is required to operate like a private sector entity.

5300 GENERAL

5310 CIRCUMSTANCES OF THE WORK

- .01 *The actuary's work on the valuation of the benefits liabilities or other items for the purpose of the financial statement of a public personal injury compensation plan or for the purpose of providing input into its funding arrangements should take into account the circumstances of the work. [Effective March 15, 2011]*
- .02 The circumstances of the work would include
- terms of the relevant statute,
 - relevant accounting standards and policies, and
 - terms of an appropriate engagement under which the work is being performed,
- and the circumstances of the work may include the funding policy of the public personal injury compensation plan.
- .03 The terms of an appropriate engagement would define the role of the actuary and the purpose of the work. The work of the actuary may be limited to the valuation of the benefits liabilities, or the work may also include the provision of advice on the funding of the public personal injury compensation plan, its financial position, its financial condition and any other actuarial item required under the terms of an appropriate engagement.
- .04 The terms of an appropriate engagement may specify applicable policies of the public personal injury compensation plan relevant to the work of the actuary. These policies may include a formal or informal funding policy, an accounting policy and an investment policy.
- .05 Significant terms of an appropriate engagement may stipulate one or more of
- use of a specified asset value or method of asset valuation, and
 - depending on the circumstances of the work, treatment of definitive amendments and other pending changes.
- .06 Objectives of funding specified by the terms of an appropriate engagement may include, but are not limited to, a specific funding target, the security of benefits, a principle of equity among various groups of employers or various groups of individuals or among generations, or a funding approach for occupational disease claims.

5320 DATA

- .01 *Where sufficient, reliable and relevant data are not available for the valuation of a specific benefit, the actuary should make appropriate assumptions or introduce appropriate methods to compensate for any perceived deficiencies in the data. [Effective March 15, 2011]*
- .02 Sufficient, reliable and relevant data may not be available to the actuary in various circumstances, for example,
- the relevant statute may have been amended to provide a new or revised benefit,
 - an applicable policy of the public personal injury compensation plan may have been revised recently,
 - the public personal injury compensation plan's claim adjudication practices or administration practices may have changed recently,
 - a recent appeal decision may be expected to have a material effect on future benefit payments, or
 - economic conditions or health care practices in the relevant jurisdiction may have changed, which may be expected to have a material effect on benefits.
- .03 Where the data are not sufficient, not fully reliable or not sufficiently relevant to expected future experience for a specific benefit, the actuary may consider taking one or more of the following actions,
- introducing appropriate assumptions regarding missing, incomplete or unreliable data, and
 - adjusting data and historic claim settlement patterns for the purpose of the work, as appropriate, to remove any perceived distortions, such as the effect of historical inflation or one-time benefit changes.

5400 BENEFITS LIABILITIES

5410 METHODS

- .01 *The actuary should value the benefits liabilities assuming that the public personal injury compensation plan continues indefinitely as a going concern entity.*
- .02 *The value of the benefits liabilities is the value, by the actuarial present value method, of cash flows after the calculation date with respect to all claims incurred before that date and not fully discharged as of that date, whether reported or not, and for calculation dates on and after December 31, 2014, the value, by the actuarial present value method, of cash flows after the calculation date with respect to workplace exposures that have occurred prior to that date. The workplace exposures should include those which may potentially lead to occupational disease claims, in accordance with the policy of the plan.*
- .03 *The cash flows after the calculation date on account of all claims incurred before that date should include all expenses expected to be incurred after the calculation date which are related to those claims, including relevant administration expenses.*
- .04 *The actuary's work should take into account the benefits, relevant policies and administration practices of the public personal injury compensation plan as of the calculation date, and should take into account any definitive amendment to these items that is expected to have a material effect on benefits, unless the circumstances of the work require otherwise.*
- .05 *The benefits liabilities should include an amount in respect of benefits for employees of a self-insured employer, unless the exclusion of such benefits is in accordance with the circumstances of the work.*
- .06 *When estimating the benefits liabilities, the actuary should consider all claims, whether reported or not, until the claims are fully discharged or closed, with no or minimal chance of re-opening. [Effective March 15, 2011]*

Occupational disease

- .07 *The actuary would value the benefits liabilities in respect of occupational disease claims, and would include the benefits liabilities for all occupational disease claims reported prior to the calculation date.*

- .08 For calculation dates on or after December 31, 2014, the actuary would also include in the benefits liabilities an appropriate allowance for all occupational disease claims expected to arise after the calculation date as a result of exposures incurred in the workplace prior to the calculation date in respect of occupational diseases with a long latency period that are recognized as such by the public personal injury compensation plan, by legislation, by regulation, or by appeal, regardless of the public personal injury compensation plan's approach to funding potential occupational disease claims. For calculation dates preceding December 31, 2014, the actuary may include in the benefits liabilities an appropriate allowance for such potential occupational disease claims.

Amendments and subsequent events

- .09 The actuary's valuation of the benefits liabilities would normally reflect all definitive amendments of which the actuary is aware on the calculation date, including those amendments with an effective date after the calculation date. Where the circumstances of the work require otherwise, the actuary may exclude the effect of a known definitive amendment, but the actuary would disclose the effect of such amendment.

5420 ASSUMPTIONS

- .01 *The actuary should set assumptions that reflect the expectation that the public personal injury compensation plan will continue indefinitely as a going concern entity, but may make adjustment for short-term considerations, where appropriate.*
- .02 *The actuary should select either best estimate assumptions or best estimate assumptions modified to incorporate margins for adverse deviations to the extent, if any, required by law or by the circumstances of the work, and should provide the rationale for the decision made with respect to the inclusion or exclusion of margins.*
- .03 *Where a public personal injury compensation plan has an established practice of providing ad hoc increases to benefits, or a periodic update to rates or tables used in the administration of the plan, the actuary should recognize such established practice when valuing the benefits liabilities by assuming the continuation of such practice, unless a definitive policy decision to discontinue such established practice has been taken by the plan. [Effective March 15, 2011]*

5430 ECONOMIC ASSUMPTIONS

- .01 The needed economic assumptions include the expected rate of investment income, the expected investment expenses and, depending on the benefit being valued, one or more of
- expected rate of general inflation,
 - expected rate of health care cost inflation,
 - expected rate of wage inflation,
 - if different, expected earnings increase specific to wage loss benefits, and
 - expected rate of change of any other economic factor that may be applicable.
- .02 The economic assumptions that are needed would depend on the nature of the benefits that are being valued, and may vary by year.
- .03 The actuary would develop and disclose separate nominal assumptions, but may prefer to complete the calculations using rates that are net of inflation, net of expenses or net of some other factor. Such calculations may, however, be approximations.
- .04 When determining the best estimate assumption for the expected rate of investment income, the actuary would take into account the expected pattern of risk-free rates of return, the expected additional investment return on the assets of the public personal injury compensation plan at the calculation date (if any) and the expected investment policy after that date. The expected additional investment return would depend on one or more of
- additional returns over risk-free rates expected to be earned on non-risk-free fixed income assets of the type and quality owned on the reporting date and expected to be acquired pursuant to the investment policy of the plan,
 - additional returns over risk-free interest rates expected to be earned on other types of investments, including publicly traded common or preferred equities, private placements, real estate and private equity, and
 - projected composition of the investment portfolio in future years.

In establishing the assumption for the expected rate of investment income, the actuary would assume that there would be no additional returns achieved, net of investment expenses, from an active investment management strategy compared to a passive investment management strategy except to the extent that the actuary has reason to believe, based on relevant supporting data, that such additional returns will be consistently and reliably earned over the long term.

- .05 The expected investment expenses would depend on the investment policy of the plan and the types of investments held and projected to be held in future.
- .06 The actuary may adopt an assumption for the expected rate of investment income that varies depending on the part of the public personal injury compensation plan being valued, and the assets backing the liabilities in that part.
- .07 The assumed expected rate of investment income need not be a flat rate but may vary from period to period.

5440 NON-ECONOMIC ASSUMPTIONS

- .01 When setting non-economic assumptions, the actuary would reflect all material contingencies.
- .02 The actuary would recognize the effect of varying experience and settlement patterns that result from definitive or virtually definitive revisions to the plan's benefits or claims practices and would consider the relevance of historical claims experience.
- .03 When setting the assumptions for wage loss, disability, pension and other benefits, the actuary would take into account all applicable material contingencies, including the possibility of recoveries, relapses, mortality improvements, changing benefit levels and the intermittence of income replacement and rehabilitation benefits throughout the lifetime of claimants. Further, the actuary would consider the potential effect on future benefit payments of factors such as changing economic conditions, employment levels, the claimant's occupation and industry and seasonal variations.

5450 MARGINS FOR ADVERSE DEVIATIONS

- .01 *The actuary should not include a margin for adverse deviations when the circumstances of the work require a best estimate calculation or an unbiased calculation.*
- .02 *The actuary should include margins for adverse deviations when the circumstances of the work require such margins. A non-zero margin should be sufficient, without being excessive, and should have the effect of increasing the benefits liabilities or reducing the reported value of the offsetting assets, the computation of which falls within the scope of the work of the actuary. In addition, the provision resulting from the application of all margins for adverse deviations should be appropriate in the aggregate.*
- .03 *If the actuary is required by legislation, regulation, accounting standards, the accounting policy or the funding policy of the plan to use a margin for adverse deviations that is outside the range that the actuary considers appropriate, the actuary may use such imposed assumption, but the actuary should disclose that the margin is outside of the appropriate range and disclose the reason for using such margin. [Effective March 15, 2011]*

- .04 Examples of situations where the circumstances of the work might require an unbiased calculation include

legislation governing the plan may require an unbiased calculation,
the relevant accounting standards or the accounting policy of the public personal injury compensation plan may require the use of best estimate assumptions, or
the plan's funding policy may recognize the monopoly nature of the plan and place a high priority on equity among generations, employers and other groups, and hence require the use of best estimate assumptions.

- .05 Examples of situations where the circumstances of the work might require the inclusion of a margin for adverse deviations include

where the relevant accounting standards or the accounting policy of the plan, or its funding policy, require inclusion of a margin for adverse deviations, or
where the level of uncertainty or volatility may be high, and not considered to be sufficiently mitigated by the underlying adaptability of the plan.

- .06 Where the actuary includes a margin for adverse deviations, the actuary would provide the rationale for inclusion of the margin and for the selection of the specific amount of the margin. The rationale may include considerations such as

funding policy or accounting policy of the public personal injury compensation plan,
relative importance placed on the balancing of competing interests compared to the achievement of full funding,
level of uncertainty inherent in the assumptions,
level of reliability or credibility of the data or historical information upon which the assumptions are based,
asset/liability mismatch risk,
propensity for ad hoc changes to be made to plan conditions, and
legislative or other restrictions on the ability to mitigate past losses.

5460 SENSITIVITY TESTING

- .01 *The actuary should perform sensitivity testing of adverse scenarios, to illustrate and aid the understanding of the effect of adverse changes to assumptions.*
- .02 *The adverse scenarios that the actuary tests should include at least*
 - a decrease of 100 basis points in the assumed rate of investment earnings in all future years,*
 - an increase of 100 basis points in the assumed general rate of inflation,*
 - a discount rate that is equal to the expected rate of return earned on a hypothetical fixed income portfolio, consisting of high-quality bonds of pertinent durations. [Effective March 15, 2011]*
- .03 The actuary would consider testing other scenarios, depending on the plausible material risks to which the plan may be exposed.
- .04 The actuary may also perform sensitivity testing of favourable scenarios.
- .05 When selecting the assumptions and scenarios for sensitivity testing, the actuary would consider the circumstances of the work, and would select those assumptions that have a material impact on the benefits liabilities. The actuary may consider the use of testing of integrated sensitivity scenarios, for example, the effect of a deep and prolonged recession.

5500 OTHER RELATED ITEMS

- .01 *The actuary should compute, separately from the benefits liabilities, the present value on the reporting date of any future assessments that have been specifically earmarked to amortize a current deficit and any future scheduled reductions to assessments that have been specifically identified to reduce a current surplus, in accordance with the circumstances of the work. [Effective March 15, 2011]*
- .02 Where the public personal injury compensation plan has specifically earmarked a defined portion of specified future assessments to amortize a current deficit, the actuary would determine the actuarial present value of such earmarked assessments, and disclose such amount separately from the benefits liabilities and assets of the plan, provided that such disclosure is in accordance with the terms of the engagement.
- .03 Where the public personal injury compensation plan has specifically identified reductions to future assessments to reduce a current surplus, the actuary would estimate the actuarial present value of such reductions to future assessments, and disclose such amount separately from the benefits liabilities and assets of the plan, provided that such disclosure is in accordance with the terms of the engagement.

5600 GAIN AND LOSS ANALYSIS

- .01 *The actuary should conduct a gain and loss analysis, including a comparison of actual and expected experience for the period between the prior calculation date and the current calculation date.*
- .02 *The actuary should also conduct a reconciliation of the surplus or deficit position of the plan, provided that such reconciliation is in accordance with the terms of the engagement. [Effective March 15, 2011]*
- .03 The actuary's analysis would include all material gains and losses. At a minimum, the actuary's gain and loss analysis would consider the impact of any significant changes to the assumptions or methods used, any significant changes to the benefits or policies of the plan, gains or losses due to investment returns on the plan's assets, legislative changes, and any other areas where the difference between actual and expected experience is significant.
- .04 The actuary would report a change in assumption if the current assumption differs nominally from the corresponding prior assumption, unless the change in the nominal amount results from the application of the same calculation method. For example, if certain rates used in the valuation are based on historical claims experience and calculated using the same averaging formula, the difference in assumed rates between the calculation date and the prior calculation date would not normally be considered as a change in assumptions. Nevertheless, the actuary may choose to disclose the effect of the updated rate assumption on the valuation results.

5700 REPORTING

- .01 For work pursuant to this part, the actuary should prepare a report that
- states the calculation date and the prior calculation date,*
 - identifies the legislation or other authority under which the work is completed,*
 - describes any significant terms of the appropriate engagement that are material to the actuary's work, including the purpose of the work,*
 - describes the sources of data, benefit provisions and policies used in the work, and any limitations thereon,*
 - summarizes the data used for the valuation, the data tests conducted to assess the accuracy and completeness of the data used in the work, and issues regarding insufficient or unreliable data,*
 - describes the plan's benefits, significant policies and relevant administration practices, including the identification of any amendments made since the prior calculation date, and the effect of such amendment on the benefits liabilities,*
 - describes any pending definitive or virtually definitive amendment, policy change or change to administration practice, confirms whether or not such amendment or change has been reflected in the benefits liabilities, and identifies the effect of such amendment or change on the benefits liabilities,*
 - identifies any significant changes to the relevant statute, strategic direction or management policy, or any significant appeal decision that changes management policy or practice, since the prior calculation date and the consequent effect on the benefits liabilities,*
 - summarizes the benefits liabilities,*
 - describes the method and the assumptions used to determine the benefits liabilities,*
 - provides the rationale for each assumption that is material to the actuary's work,*
 - states that there is no provision for adverse deviations, where that is the case,*

describes the margins for adverse deviations included with respect to each assumption where that is the case, and discloses

any imposed margins that the actuary has used in accordance with paragraph 5450.03 that, in the opinion of the actuary, are outside of the appropriate range,

the rationale for each margin, and

the aggregate provision for adverse deviations included in the benefits liabilities,

describes changes to the assumptions or methods used since the prior calculation date, and the rationale for those changes,

describes the treatment of liabilities for self-insured employers,

discloses subsequent events of which the actuary is aware, whether or not the events are taken into account in the work, or, if there are no significant events of which the actuary is aware, include a statement to that effect,

describes and quantifies the gains and losses between the prior calculation date and the current calculation date, and provides an analysis and explanation of the significant gain and loss items, and

describes the treatment of the liabilities for occupational disease claims, and states either that the amount of the benefits liabilities includes an appropriate allowance for potential occupational disease claims that are expected to arise after the calculation date as a result of exposures in the workplace prior to the calculation date or, if such is the case for calculation dates preceding December 31, 2014, that the amount of the benefits liabilities excludes such an allowance.

.02 Depending on the terms of the engagement, the report should

describe the sources of information on the plan's assets,

describe the plan's assets, including their market value, the methods and assumptions used to value the assets and a summary of the assets by major category,

report the financial position at the calculation date, and

report the actuarial present value of any future assessments earmarked to amortize a current deficit or of any reductions in future assessments intended to reduce a current surplus.

- .03 *If the report does not include the results of the sensitivity testing that was completed, the actuary should prepare a separate report for the management of the public personal injury compensation plan that does include such sensitivity testing results.*
- .04 *The report should provide the following five statements of opinion, all in the same section of the report and in the following order*
- a statement regarding data, which would usually be, “In my opinion, the data on which the valuation is based are sufficient and reliable for the purpose of the valuation.”,*
- a statement regarding assumptions, which would usually be, “In my opinion, the assumptions are appropriate for the purpose of the valuation.”,*
- a statement regarding methods, which would usually be, “In my opinion, the methods employed in the valuation are appropriate for the purpose of the valuation.”,*
- a statement regarding appropriateness, which would usually be “In my opinion the amount of the benefits liabilities makes appropriate provision for all personal injury compensation obligations and the financial statements fairly present the results of the valuation.”, and*
- a statement regarding conformation, which should be, “This report has been prepared, and my opinions given, in accordance with accepted actuarial practice in Canada.” [Effective March 15, 2011]*
- .05 *The report would be sufficiently detailed to enable another actuary to examine the reasonableness of the valuation.*
- .06 *The circumstances of the work may result in a deviation from accepted actuarial practice in Canada. For example, the applicable legislation or the terms of the engagement may require that the actuary use a margin for adverse deviations that is outside the range that the actuary considers appropriate, or require that the actuary exclude the benefits liabilities in respect of certain occupational disease claims. In such case, the actuary would disclose such deviation in the report.*