



***Final***

**Final Standards – Introduction of Standards  
Relating to Appointed Actuary Opinions with  
Respect to Use of Internal Models to  
Determine Required Capital for Segregated  
Fund Guarantees**

**Actuarial Standards Board**

**February 2013**

Document 213004

*Ce document est disponible en français  
© 2013 Canadian Institute of Actuaries*

**2480 CERTIFICATION OF CAPITAL FILINGS AS REQUIRED BY THE REGULATOR**

- .01 This subsection 2480 applies to the appointed actuary of a life insurer when giving an opinion on the appropriateness of capital requirement calculations pursuant to law or on the appropriateness of internal models used to determine required capital for segregated fund guarantees pursuant to requirements of the regulator.
- .02 *Such certifications should contain an opinion signed by the appointed actuary.*

**Appropriateness of capital requirement calculations**

- .03 *The appointed actuary should prepare a report to support the opinion on the appropriateness of capital requirement calculations that outlines the areas where the calculation required discretion or significant technical calculations, and the methodologies and judgements that were applied. The report should be completed before the provision of a signed opinion pursuant to subsection 2480. [Effective February 8, 2013]*
- .04 The opinion would be provided annually in support of the fiscal year-end regulatory capital filing on form(s) as directed by the regulator.
- .05 In providing such an opinion, the actuary would not be opining on whether the underlying factors or specified methods to be followed are appropriate but rather on the appropriateness of any interpretation and discretionary technical calculations and methods with respect to such guidelines.
- .06 Here is the standard opinion language [insert appropriate wording where indicated by square brackets].

“I have reviewed the calculation of the Minimum Continuing Capital and Surplus Requirement ratios of [company name] as at [date]. In my opinion, the calculations of the components of the required and available capital have been determined in accordance with the regulatory guidelines, and the components of the calculations requiring discretion were determined using methodologies and judgement appropriate to the circumstances of the company.”

[Note: For Test of Adequacy of Assets in Canada form filings “Minimum Continuing Capital and Surplus Requirement ratios” and “required and available capital” are replaced by “test of adequacy ratio” and “required and available margin”.]

[Note: For filings for provincially-regulated companies, the ratio definition, and definitions of required and available resources, should be amended to reflect the appropriate definitions in the provincial requirements.]

**Appropriateness of internal models used to determine required capital for segregated fund guarantees**

- .07 *The appointed actuary should prepare a report to support the opinion on the appropriateness of internal models used to determine required capital for segregated fund guarantees that outlines how the models comply with the related requirements of the regulator. The report should be completed before the provision of a signed opinion pursuant to subsection 2480. [Effective February 8, 2013]*
- .08 The opinion would be provided annually in support of the fiscal year-end regulatory capital filing on form(s) as directed by the regulator. The opinion would also be provided to the regulator upon a new application to the regulator for permission to use such a model for required capital purposes and upon request of the regulator when making a modification to an existing model approved by the regulator.
- .09 In providing such an opinion, the actuary would not be opining on whether the underlying factors or specified methods to be followed are appropriate, but rather on the compliance with the requirements of the regulator.
- .10 Here is the standard opinion language [insert appropriate wording where indicated by square brackets].

“I have reviewed the internal model of [company name] for determining required capital for segregated fund guarantee risks as at [date] in the context of the requirements of [the regulator]. In my opinion, the [proposed] model is compliant in all material respects with the requirements of [the regulator] for an approved model used to determine required capital for segregated fund guarantee risks.”