

March 31, 2000

To all Life and Health Insurers

Re: Market Conduct Examinations of Life and Health Insurers

I am writing to inform you of an important initiative that will be discussed at the meeting of the Canadian Council of Insurance Regulators on April 6 and 7.

During the past year FSCO has been in discussion with provincial regulators and with industry representatives about the benefits of market conduct examinations of life insurers operating in Canada. The model involves development of a self assessment questionnaire which would be completed by companies and then followed up with an onsite visit by examiners. Regulators are presently working on the development of a self assessment questionnaire. Industry representatives have volunteered to provide advice in the development of the questionnaire. A working group has been established.

Over the next two months, we will be announcing specific requirements of the program. We look forward to working with you.

Yours truly,

Dina Palozzi
Chief Executive Officer and
Superintendent of Financial Services