

<p style="text-align: center;">Canadian Council of Insurance Regulators Licence Kit For New Licences and Licence Amendments</p>
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INTRODUCTION:

The Canadian Council of Insurance Regulators (CCIR) is an association of insurance regulators that work collaboratively to find solutions to common regulatory issues and promotes harmonization in conjunction with financial services regulators, policy makers and stakeholders.

This licence kit is to be used for an insurer applying for a new licence or an amendment to their licence; it includes instructions for completing the application form and five supporting appendices. Please note that as part of a licence review process, the licensing regulators of the jurisdictions in which the application is being made may require the applicant to provide additional information.

PURPOSE:

This licence kit has been designed to communicate the information and documentation requirements of the various Canadian regulators in their capacity either as a licensing regulator or as the incorporating regulator, and should be submitted to the regulator of each jurisdiction in which the applicant is seeking a new licence or an amendment to their licence.

Some regulators have annual licensing renewal requirements. This form has not been designed for renewals. Please contact individual regulators to confirm requirements.

The information needs of the incorporating Canadian regulator will normally exceed those of the licensing regulators. It should be noted that the review of a licence application is a professional assessment, and information in addition to that contained in this application form may be requested by individual regulators. Each jurisdiction remains free to impose regulatory or administrative requirements in addition to those provided for in this licence kit. Information contained in the application is an integral part of each regulator's licensing data base, and changes to any of the data, including certified copies of amendments to articles of incorporation/constating documents, should be reported to each regulator on a timely basis.

Canadian Council of Insurance Regulators Application Form Instructions

For new licences, the guidance provided on how to complete the application form is an integral part of the licence kit. Please read carefully before completing and submitting the application and supporting materials.

Please do not include these instructions when submitting the completed licence application and supporting materials.

For an insurer applying for an amendment to an existing licence, please complete the applicable Parts of the Application form and Appendices.

PART A - The Applicant

This section is for applicants to disclose general information about the company. The items here correspond to the fields in the application form:

1. **Legal Name:** Please provide the complete legal name of the company as evidenced in the articles of incorporation.
2. **Head office:** Disclose the full mailing address, including postal code/zip code (or equivalent) of the head office.
3. **Chief business office in Canada:** If the head office is outside of Canada, the applicant must provide the full mailing address of the chief business office (principal place of business) in Canada.

If applying in Ontario or Québec and the head office is outside of that jurisdiction, the applicant must provide the full mailing address for the local office and/or attorney in that jurisdiction.

4. - 7.

Contacts: Please provide the name, title and email address of the corporate, licensing, compliance and finance contacts of the company.

8. **Incorporation:** Disclose the jurisdiction and date of incorporation, and company type (e.g.: stock, fraternal, mutual, reciprocal etc.)
9. **Licence limitations:** Please select yes or no to indicate if applying for a licence to undertake the business of reinsurance or to operate in a discontinuing status.

PART B – Licence Status

This section is for an applicant to disclose information regarding their experience in the insurance industry. This information is used to determine an applicant's suitability for licensing and will follow the law and regulations in its home jurisdiction. Refer to Part B of the application form for details regarding the type of information that is required.

PART C – Classes of Insurance

The classes of insurance established under the laws of each jurisdiction are not completely harmonized with the classes authorized by the Office of the Superintendent of Financial Institutions ("OSFI"). For a listing of the authorized classes for each jurisdiction, refer to Appendix V of the application form.

PART D – Documentation Required

An application is not considered complete until all required documents have been submitted. Applicants are strongly encouraged to submit the application only after all documentation has been completed in full. Any document not submitted with the initial application **must** be accompanied by a separate sworn statutory declaration.

A list of the required documents is provided in the application form. This list includes a business plan, which is described in detail below. At a minimum, a business plan must include the following:

I Financial Statements

If the applicant has existing operations, audited annual financial statements are required, and where applicable, regulatory statements filed in their home jurisdiction for the past five years should be provided*. For newly incorporated applicants, an audited opening balance sheet / statement of financial position is to be provided.

Audited financial statements are required to assess whether the owners have the financial capacity to provide continued financial support to the (proposed) company.

Some jurisdictions may require:

1. Audited financial statements of direct and beneficial parent companies;
2. Detailed background information showing the personal financial resources of individuals who are or will be shareholders; or
3. Interim financial statements of the company for the quarter preceding the application.

*Note: In Ontario, Québec and Saskatchewan, three years of financial statements are required.

II Future Oriented Financial Information (FOFI)

If the applicant is an existing insurer, a three-year financial forecast must be provided**. If the applicant is a new insurer, a three-year financial projection must be provided**. In either case, the FOFI must include an income statement, a balance sheet / statement of financial position and a statement of retained earnings. The information must be presented in accordance with Section 4250 of the CPA Canada Handbook – Accounting.

The FOFI must include compliance with minimum asset and/or continuing capital requirements for each year; this should be clearly demonstrated and all assumptions used should be described and supported. The forecasted/projected operating results should disclose underwriting information by class of business and by licensing jurisdiction.

When considered necessary by the regulator, an actuarial opinion on the reasonability of the FOFI must be provided. Please also include the name, address and telephone number of the actuary and/or other persons involved in preparing the forecast/projection.

**Note: In Québec, three years of future oriented financial information is required.

III Narrative

The narrative should clearly present the company's business case for licensing in each of the jurisdictions in which it has applied. As a minimum it should include the following:

Financial

1. A review of the company's capitalization and (proposed) share structure (number of shares authorized, issued and paid up).
2. Comments on the FOFI, the company's financial position and the ownership group's financial resources.
3. Description and discussion of any key assumptions and hypotheses used to prepare the FOFI.

Organization Structure

1. A description of the direct and beneficial ownership of the (proposed) company, including a detailed organization chart.
2. Identification of any financial institutions within the group.

Foreign Institutions

If the applicant is a subsidiary of a foreign institution engaged in the insurance business, they must indicate that the company is capable of making a contribution to the financial system in Canada. The applicant must clearly identify if the jurisdiction, in which the foreign institution principally carries on business, allows for the free flow of capital into Canada (compliance with section 24 of the Insurance Companies Act (Canada)).

Corporate Governance

1. Listing of the board of directors, their roles, and responsibilities.
2. Listing of the board committees, their members, their roles and responsibilities, this should include at a minimum a conduct review and an audit committee.
3. Description of the risk governance practices, outlining how risks are identified and managed.
4. Details of the market conduct review procedures, in particular with respect to the fair treatment of customers.
5. Identification of the applicant's privacy policy and description of how the applicant will maintain security over clients' information.

Management, Personnel and Training

1. Identification of the (proposed) management structure and senior officers.
2. Detailed organization chart.
3. Brief description of the recruiting and training policies.

Products

Provide a thorough description of each line of business and the products to be marketed. This should include an analysis on how the classes of insurance being applied for fall within the lines of business.

Marketing, Distribution, Claims Handling, Policyholder Service

The methods of marketing, distribution, claims handling, and policyholder service must be described in detail (notation should be made of any jurisdictional exceptions to the company's general practices in these regards). At a minimum the applicant should describe:

1. How the applicant plans to market its products. This should include an analysis of the target markets that may be pursued.
2. Distribution method(s); if direct marketing, the recruiting and training of employees and, if marketing indirectly through brokerages, how the applicant will be satisfied that the brokerage has the knowledge and appropriate training to market products that are suitable for the client. Also please provide details of the remuneration system(s).
3. Claims handling process, including dispute resolution policy and procedures.
4. Name of the compliance officer and details of the compliance plan used for monitoring agents and representatives (as required in each jurisdiction).

5. How complaints will be addressed and reported internally and externally (use of the Annual Statement on Market Conduct).
6. If applicable, describe any (proposed) material outsourcing arrangements and how they will be managed.

Investment Policy

Provide a summary of the (proposed) investment policy and practices, including any specific jurisdictional requirements.

Reinsurance

Provide a reinsurance summary of the proposed and existing reinsurance coverage(s) and terms, including the name of the reinsurers and where they are licensed (registered).

PART E - Documentation Required by Jurisdictional Legislation and Administrative Needs

Legislation and administrative needs can vary between jurisdictions. Please ensure that all required documentation is submitted. Refer to Part E of the application form for a listing of the jurisdictional specific required documents.

PART F – Proposal for Amended Licence (*an insurer amending an existing licence*)

Legislation

PART G – Appendices

- I. Personal Information Return
- II. Attorney for Service (Chief Agent/Chief Representative) in Canada
- III. Power of Attorney (except in Québec and Manitoba, where the form is prescribed)
- IV. Contact and Fee Information for Insurance Regulators
- V. Classes of Insurance