



2015 Annual Balance Reconciliation Return

Instructions & Line Guide

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This material is intended to provide orientation and guidance to insurers submitting annual balance reconciliation information to General Insurance Statistical Agency.

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1. Overview

1.1 Purpose of the ABR

The purpose of the Annual Balance Reconciliation (ABR) process is to ensure that statistical data reported under the mandated statistical plans is complete. Each insurance company is required to file an annual ABR return with the General Insurance Statistical Agency's (GISA) Statistical Service Provider, the Insurance Bureau of Canada (IBC).

A number of insurance regulatory authorities across Canada have the authority under their respective insurance legislation to collect experience from all licensed insurers in a form approved by the regulatory authority. Insurance legislation also allows the regulatory authorities to appoint a statistical agency to collect the experience of the licensed insurers and GISA was established to carry out the activities of a statistical agent on behalf of the participating insurance regulators.

The ABR Return is mandated by GISA on behalf of the insurance regulators, and is an essential part of the process to verify the completeness and accuracy of statistical data submissions. Complete submissions are important because the statistical plan compilations provide the basis for the statistical exhibits furnished by GISA to the property and casualty insurance industry and regulators in the provinces and territories.

1.2 Reporting Requirements

Property and casualty insurance companies are required to submit an annual ABR return with financial data derived from their annual statement (P&C Quarterly Return – Q4) as filed with either the Office of the Superintendent of Financial Institutions (OSFI) or the provincial /territorial insurance regulator.

The ABR return is mandatory for any company conducting business under the following statistical plans:

- *Automobile* in Alberta, New Brunswick, Newfoundland and Labrador, Nunavut, Nova Scotia, Northwest Territories, Ontario, Prince Edward Island or Yukon.
- *Commercial Liability* conducted in Ontario only.

If you received a 2015 reconciliation package but feel that your company does not fall into one of the above categories, please contact GISA's Statistical Service Provider, IBC.

Automobile Summary Excel Form: This worksheet was added to the ABR forms to improve the process used to verify the completeness and accuracy of statistical data submissions sent throughout the year.

- Please complete this section if your company conducts automobile business by selecting either "yes" or "no" for each province.

- An amount column is also available for you to enter the direct written premium for each province. Please be advised, the amount field is *Optional* and all amounts entered should be in thousands (000's).

1.3 What's new in 2015

Due Dates:

- ABR filing - Due Monday, March 14, 2016
- Statement of Accuracy - Due Monday, March 21, 2016

General Comments

The benefits of accurate data include:

- Improved industry decision-making using accurate data; and
- Reduced time and cost associated with fixing data issues after submission

GISA has identified the following best practices for the industry to adopt:

- **Frequent internal reconciliation:** Some companies are performing reconciliation of financial and statistical plan reporting on a monthly and quarterly basis. These companies identify and correct errors earlier, thus addressing fewer issues when ABR Return is completed and submitted.
- **Documented policies and procedures:** Documented policies and procedures will clarify accountabilities and next steps.
- **Clear points of contact:** Clear points of contact for financial and statistical plan reporting units facilitate communication and information sharing to complete the ABR return and issue resolutions.

1.4 Obtaining Assistance

If you have any questions or require assistance completing the ABR, please contact

GISA at gisa@fsco.gov.on.ca

or

Gina Magat

Manager, Industry Data Analysis

dataquality@ibc.ca or 416-445-5912, ext. 2218 or 800-761-6703

2. Submitting Your Return

2.1 Due Date

The due date for submitting the ABR return by e-mail is March 14, 2016. Additionally, a printed *signed* copy of the return must be received at IBC by March 21, 2016. The *Statement of Accuracy* on the cover page must be signed by the officer of the company responsible for financial matters.

2.2 Submitting the Return

Submit your completed ABR return in two formats:

- Email – The ABR return is an electronic form that is formatted for uploading. The completed form must be returned via email to dataquality@ibc.ca by March 14, 2016.
- Signature copy – A printed copy of the completed return must be signed by the officer of the company responsible for financial matters and submitted to IBC via fax or surface mail by March 21, 2016. Send your signed copy to:

Insurance Bureau of Canada
Data Management & Exhibit Production, Attn. Gina Magat
2235 Sheppard Avenue East
Atria II, Suite 1100
Toronto, Ontario
M2J 5B5

or

Fax: 416-449-9357
Attn: Data Management and Exhibit Production Department

3. Deficiency Fees

Deficiency Fees (DFS) apply to ABR returns **submitted after the due date**. DFS charges are not capped and continue to accumulate as long as the return is deemed deficient.

Incomplete or substantially inaccurate returns are also considered deficient, and will be charged accordingly.

Revised ABR returns incur a flat fee for each re-filing. The signature of the officer is intended to preclude the need for re-filing returns.

3.1 ABR Late Fee Schedule

Late ABR filings will incur fees on a monthly basis in accordance with rates in the following table.

| # of Months Late | Fee |
|------------------|---------|
| Month 1 | \$100 |
| Month 2 | \$200 |
| Month 3 | \$300 |
| Month 4 | \$400 |
| Month 5 | \$500 |
| Month 6 | \$600 |
| Month 7 | \$700 |
| Month 8 | \$800 |
| Month 9 | \$900 |
| Month 10 | \$1,000 |
| Month 11 | \$1,100 |
| Month 12+ | \$1,200 |

3.2 ABR Resubmission Fee

ABR submissions received after the due date that are meant to replace previously submitted ABR filings will incur a flat rate resubmission/re-filing fee of \$3,000.

4. Instructions

4.1 How many ABR Returns should be completed?

Complete only one ABR return for each annual statement (P&C Quarterly Return – Q4) you file with regulatory authorities. On your ABR return, be sure to indicate all of the IBC reporting company numbers (RPTs) that correspond to your annual statement.

4.2 Reconciliation Period

The reconciliation period is January 1, 2015 through December 31, 2015. Complete the ABR return using your financial data for the year reflected in your annual statement (P&C Quarterly Return – Q4) and ending in 2015. Enter the start and end dates for your fiscal year on the cover page of your return.

If your fiscal year differs from the reconciliation period, you must make adjustments in your return so that your financial data reflects your direct business for the reconciliation period.

4.3 Contact Information

The *Contact Information* on the cover page of the return must be provided for the individual on record with IBC who is responsible for coordinating the reconciliation (*i.e.* QA01 role.) This individual must be able to answer questions regarding the information in the return, and correspond with IBC regarding any discrepancies.

4.4 Certificate of the Officer

An officer responsible for financial matters of the company must sign the *Certificate of the Officer* on the return.

The **officer of your company** who is responsible for financial matters must verify the accuracy of the return by signing the *Certificate of the Officer* on the return. A complete **signed copy must be submitted** by mail or fax to IBC.

4.5 Completing the Return

Important: The ABR return provides the basis for determining how much of your direct business is subject to reporting under the statistical plans. The ABR return is to be completed based on **your financial records only**, irrespective of the amount of data actually submitted to IBC. Do **not** attempt to balance your ABR by entering adjustments in your return. If you identify problems with your reported data submissions, please contact IBC.

After IBC receives your ABR return, you will receive a reconciliation report comparing the financial information in your return with the data submissions received at IBC for the reconciliation period. If discrepancies are detected, IBC will contact you with details.

The ABR return includes a Microsoft® Excel workbook designed for electronic uploading and the format may not be altered. Certain fields are protected because they are automatically filled from data entered elsewhere in the workbook.

On each worksheet, extract the opening amounts from your annual statements (P&C Quarterly Return – Q4) as filed with OSFI and/or provincial/territorial insurance regulators.

- Enter all values as whole numbers, rounded to the nearest thousand (000).
- The totals are calculated automatically using the functions indicated on each line of the worksheets. Where the worksheet indicates a value is *subtracted*, enter a positive number to decrease the total.
- Where the worksheet indicates a value may be *either* added or subtracted, enter either a positive number to increase the total, or a negative number to decrease the total, as appropriate.

4.6 Which Worksheets are Required?

The ABR return includes three worksheets plus adjustment pages for details about adjustments you enter on the worksheets. Each worksheet requires direct premiums, direct paid claims, and provisions for unpaid claims. Complete this information according to your financial records, starting with amounts derived from your annual statement (P&C Quarterly Return – Q4).

- **Automobile – Canada-wide (Auto-CAN)** – You must complete this worksheet if you conduct direct Automobile business in any province or territory *except* Quebec, British Columbia, Manitoba and Saskatchewan. This worksheet includes all other provinces and territories, *including* Ontario.
- **Automobile – Ontario (Auto-ON)** – If you conduct any direct Automobile business in Ontario, you must complete the Ontario worksheet *in addition to* the Canada-wide worksheet. If you do not have any direct business in Ontario, you may leave this sheet blank.
- **Commercial Liability – Ontario (Com Liab)** – If you conduct any direct Commercial Liability business in *Ontario*, you must complete this worksheet. If you do not have any direct business in Ontario, please leave this sheet blank.

5. Automobile Line Guide

The following instructions apply to both automobile worksheets, unless otherwise specified. If you conduct automobile business in Ontario, you must complete *both* worksheets.

Important: You must allocate your automobile experience to the three columns according to coverage. The totals are automatically populated from these columns.

5.1 Automobile Premium

Line 1

Canada-wide Enter the Direct Written Premium for Canada, as reported in your annual statement. See *Note 1* on the worksheet for reference to the page, column, and line in the P&C Quarterly Return – Q4.

Ontario Determine the amounts applicable to Ontario from the Canada automobile experience in your P&C Quarterly Return – Q4.

Line 2 Enter the premium shared (assumed) from the Risk Sharing Pool as reported in your annual statement but not reported to IBC.

Line 3 Enter the premium transferred (ceded) to the Risk Sharing Pool as reported in your annual statement but not reported to IBC.

Line 4 Enter the Facility Association shared (assessed) premiums as reported in your annual statement but not reported to IBC.

Line 5

Canada-wide Enter the amount of combined premiums written in the province of Quebec, British Columbia, Manitoba, Saskatchewan and outside Canada that is included in your annual statement but **not** reported to IBC.

As of January 2001, GAA resumed collection of Quebec automobile data.

As of April 2006, British Columbia, Manitoba, Saskatchewan and data outside Canada is no longer collected through the Automobile Statistical Plan

Line 6 If the financial data in your return does not accurately reflect the business that is subject to statistical reporting, you may enter adjustments if you can provide a valid reason, according to the statistical plans. Refer to [Additional Adjustments](#) for details.

Line 7 You may need to reallocate the **Underinsured Motorist** and **Uninsured Motorist** coverages if they are reported differently in your annual statement than in your IBC submissions. These coverages are reported to IBC as *Auto-Other*. If your P&C Quarterly Return – Q4 includes **Underinsured Motorist** coverage (ASP Coverage 00 - 09) and/or **Uninsured Motorist** coverage (ASP Coverage 17-18) under *Liability* or *Personal Accident*, deduct the these amounts from columns A and B in the worksheet , and add the combined total to column C (*Auto-Other*).

Line 8 The column totals are calculated automatically from the amounts entered in lines 1 through 7. These amounts represent the total direct premiums *by coverage* that are subject to statistical reporting and *expected* at IBC for the reconciliation period.

5.2 Automobile Paid Claims

Line 9

Canada-wide Enter the direct claims paid (including adjustment expenses) as reported in your annual statement. See *Note 2* on the worksheet for reference to the page, column and line references in the P&C Quarterly Return – Q4).

Ontario This amount must be extracted from the Canada-wide amounts reported in your annual statement (refer to Canada-wide, above).

Line 10 Enter the claims paid on business shared (assumed) from the Risk Sharing Pool as reported in your annual statement but not reported to IBC.

Line 11 Enter the amount ceded to the Risk Sharing Pool as reported in your annual statement but not reported to IBC.

Line 12 Enter the claims paid (assessed) on business shared through the Facility Association as reported in your annual statement but not reported to IBC under this plan.

Line 13 Enter any provincial health levy payments that are included in the direct claims amount from your annual statement (Line 9).

Line 14 Enter the total internal adjustment expenses paid that are included in Line 9 above. *Note:* Do not include loss adjustment expenses that are allocated to specific claims.

Line 15

Canada-wide Enter the amount of combined claims paid for Quebec, British Columbia, Manitoba, Saskatchewan and outside Canada included in Line 9 above.

Line 16 If the financial data in your return does not accurately reflect the business that is subject to statistical reporting, you may enter adjustments provided you can provide a valid reason, according to the statistical plans. Refer to [Additional Adjustments](#) for details.

Line 17 You may need to reallocate **Outbound Loss Transfers** if they are reported differently in your annual statement than in your IBC submissions. These kinds of losses are reported to IBC as *Liability*. If you report **Outbound Loss Transfers** (ASP Kind of Loss 07) as *Personal Accident* or *Other* in your P&C Quarterly Return – Q4, deduct these amounts from columns B and C in the worksheet, and add the combined total to column A.

Line 18 You may need to reallocate the **Underinsured Motorist** and **Uninsured Motorist** coverages if you report them differently in your annual statement than in your IBC submissions. These coverages are reported to IBC as *Auto-Other*. If you report **Underinsured Motorist** coverage (ASP Coverage 00 - 09) and/or **Uninsured Motorist** coverage (ASP Coverage 17-18) as *Liability* or *Personal Accident* in your P&C Quarterly Return – Q4), deduct these amounts from columns A and B in this worksheet, and add the combined total to column C (*Auto-Other*).

Line 19 The column totals are calculated automatically from the amounts entered in lines 9 through 18. These amounts represent the total direct claims paid *by coverage* that are subject to statistical reporting and *expected* at IBC for the reconciliation period.

5.3 Automobile Unpaid Claims

Line 20

Canada-wide Enter your provision for unpaid claims (including IBNR) as reported in your annual statement. See *Note 3* on the worksheet for reference to the page, column and line references in the P&C Quarterly Return – Q4.

Ontario This amount must be extracted from the Canada-wide amounts reported in your annual statement (refer to Canada-wide, above).

Line 21 Enter your provision for unpaid claims assumed from the Risk Sharing Pool as reported in your annual statement but not reported to IBC.

Line 22 Enter your provision for unpaid claims ceded to the Risk Sharing Pool as reported in your annual statement but not reported to IBC.

Line 23 Enter your Facility Association shared (assessed) provision for unpaid claims as reported in your annual statement but not reported to IBC.

Line 24 Enter any provincial health levy payments that are included in the direct claims amount from your annual statement (Line 20).

Line 25 Enter the total internal adjustment expenses paid that are included in Line 20 above. *Note:* Do not include loss adjustment expenses that are allocated to specific claims.

Line 26 Enter your total loss provision for IBNR (incurred but not reported) claims, including IBNR for the Facility Association.

Line 27

Canada-wide Enter the provision for combined unpaid claims for the province of Quebec, British Columbia, Manitoba, Saskatchewan and outside Canada included in Line 20 above.

Line 28 If the financial data in your return does not accurately reflect the business that is subject to statistical reporting, you may enter adjustments provided you can provide a valid reason, according to the statistical plans. Refer to [Additional Adjustments](#) for details.

Line 29 You may need to reallocate **Outbound Loss Transfers** if they are reported differently in your annual statement than in your IBC submissions. These kinds of losses are reported to IBC as *Liability*. If you report **Outbound Loss Transfers** (ASP Kind of Loss 07) as *Personal Accident* or *Other* in your P&C Quarterly Return – Q4, deduct these amounts from columns B and C in the worksheet, and add the combined total to column A.

Line 30 You may need to reallocate the **Underinsured Motorist** and **Uninsured Motorist** coverages if you report them differently in your annual statement than in your IBC submissions. These coverages are reported to IBC as *Auto-Other*. If you report **Underinsured Motorist** coverage (ASP Coverage 00 - 09) and/or **Uninsured Motorist** coverage (ASP Coverage 17-18) as *Liability* or *Personal Accident* in your P&C Quarterly Return – Q4, deduct these amounts from columns A and B in this worksheet, and add the combined total to column C (*Auto-Other*).

Line 31 The column totals are calculated automatically from the amounts entered in lines 20 through 30. These amounts represent the total provision for unpaid claims *by coverage* that are subject to statistical reporting and *expected* at IBC for the reconciliation period.

6. Commercial Liability Line Guide

This worksheet is mandatory if you conduct any direct commercial liability business in Ontario. Enter only financial data that is apportioned to Ontario.

6.1 Commercial Liability Premium

Line 1 Enter the direct written premium as reported in your annual statement for the liability line of business in Ontario. See *Note 1* on the worksheet for reference to the page, column and line references in the P&C Quarterly Return – Q4.

Line 2 Enter any direct written premiums included as *Liability* business in Line 1 above that is not subject to statistical reporting under the *Commercial Liability Statistical Plan* (for example: personal liability premiums).

Line 3 If the financial data in your return does not accurately reflect the business that is subject to statistical reporting, you may enter adjustments provided you can provide a valid reason, according to the statistical plans. Refer to [Additional Adjustments](#) for details.

Line 4 The total is calculated automatically from the amounts entered in lines 1 through 3. This amount represents the total Ontario direct written premiums that are subject to statistical reporting and *expected* at IBC for the reconciliation period.

6.2 Commercial Liability Paid Claims

Line 5 Enter the Direct Claims Paid including adjustments expenses as reported in your annual statement. See *Note 4* on the worksheet for reference to the page, column and line references in the P&C Quarterly Return – Q4. The value for **Ontario Commercial Liability** must be extracted from the Canada-wide *Liability* amount reported in your annual statement.

Line 6 Enter the total internal adjustment expenses paid that are included in Line 5 above. *Note:* Do not include loss adjustment expenses that are allocated to specific claims.

Line 7 Enter any direct paid claims included as *Liability* business in Line 5 above that is not subject to statistical reporting under the *Commercial Liability Statistical Plan* (for example: personal liability claims).

Line 8 If the financial data in your return does not accurately reflect the business that is subject to statistical reporting, you may enter adjustments provided you can provide a valid reason, according to the statistical plans. Refer to [Additional Adjustments](#) for details.

Line 9 The total is calculated automatically from the amounts entered in lines 5 through 8. This amount represents the total Ontario direct paid claims that are subject to statistical reporting and *expected* at IBC for the reconciliation period.

6.3 Commercial Liability Unpaid Claims

Line 10 The provision for unpaid claims for **Ontario Commercial Liability** must be extracted from the Canada-wide *Liability* amount reported in your annual statement. See *Note 4* on the worksheet for reference to the page, column and line references in the P&C Quarterly Return – Q4.

Line 11 Enter the total internal adjustment expenses paid that are included in Line 10 above. *Note:* Do not include loss adjustment expenses that are allocated to specific claims.

Line 12 Enter your total IBNR (incurred but not reported) for the Ontario unpaid claims loss provision.

Line 13 Enter any provision for Ontario unpaid claims included as *Liability* business in Line 10 above that is not subject to statistical reporting under the *Commercial Liability Statistical Plan* (for example: personal liability).

Line 14 If the financial data in your return does not accurately reflect the business that is subject to statistical reporting, you may enter adjustments provided you can provide a valid reason, according to the statistical plans. Refer to [Additional Adjustments](#) for details.

Line 15 The total is calculated automatically from the amounts entered in lines 10 through 14. This amount represents the total Ontario unpaid claims that are subject to statistical reporting and *expected* at IBC for the reconciliation period.

7. Additional Adjustments Instructions

7.1 Adjusting the Amount of Data Submissions Expected at IBC

There may be situations where the financial data entered in your ABR return does not accurately reflect the amount of data that is *subject to statistical reporting*. The ABR worksheets provide lines for many common adjustments, as well as a line for *Additional Adjustments*.

All *Additional Adjustments* must be explained in detail, and are subject to review by IBC and regulatory authorities. **The reason given for each adjustment must be in compliance with the reporting requirements as specified in the statistical plans.** Do not enter unsubstantiated adjustments solely for the purpose of forcing the financial data to balance with the submissions received at IBC.

Use the *Additional Adjustments* worksheets to enter the following details:

- List the amount of each addition or deduction separately, with a full description of each.
- Explain why each item has (or has not) been included in your data submissions to IBC.
- The total adjustments for premiums, claims paid, and unpaid claims must equal the total *Additional Adjustments* entered on the worksheet for the respective line of business.

7.2 Frequently Occurring Additional Adjustments

The following *Additional Adjustments* often occur:

System Cut-off Dates (Accruals)

You may find adjustments are necessary due to differences between the cut-off dates for your accounting and submissions systems. The differences due to accruals should be minimal since submissions are due in the month following the date transactions are entered in your books. However, some accruals may occur at the beginning and/or end of your fiscal year. Show separate amounts for each on the *Additional Adjustments* worksheet.

Claims Discounting

Unpaid claims are reported on a discounted basis in the P&C Quarterly Return – Q4. However, the statistical data reported to IBC is *not* discounted. Enter an adjustment for any claims discounting that is included in your annual statement.

Unreported Business

Describe any business that is included in the financial data entered in the ABR worksheets, but which is not reported to IBC. This should include only business not specified by the statistical plan, and therefore not subject to statistical reporting. For access to the Statistical Plans and Edit Rules documentation, please refer to GISA's website at www.gisa.ca and/or on GISA's service provider, Insurance Bureau of Canada (IBC), at www.ibc.ca.