



To: All Reporting Companies

Date: December 03, 2021

Bulletin No: GISA 2021-10

**FINANCIAL INFORMATION REPORTING UNDER
INTERNATIONAL FINANCIAL REPORTING STANDARD (IFRS) 17:
RESPONSES TO QUESTIONS RECEIVED**

Pursuant to GISA Bulletin 2021-05, which included a draft GISA Financial Information (FI) template considering the data points available under IFRS 17, we received multiple questions concerning the proposed FI templates. In response to these questions, we have put together a Frequently Asked Questions (FAQ) section and an updated template. Along with the questions received, there were some additional remarks regarding the templates. Below are our responses to some of these comments:

- All formulas/calculated cells will be added/corrected in the final templates
- Companies will still be required to report data by coverage breakout (TPL, PA, and Other)
- PPA and Non PPA data elements will continue to be collected
- ABR (ASP & CLSP) will be required in the future as these sections are still under development
- The reporting of Run-off data will be only required for Ontario writers starting in the 2023 collection

Please note this updated draft template is still under development and it is not for the upcoming financial year. The final template and reporting instructions will be issued by December of 2022. Submission of the current template will be required for 2022 data in 2023, and both the old and new templates will be required for 2023 data in 2024.

If you have any further questions related to these responses, please contact the FI team at IFRS17survey@ibc.ca. We ask that you submit any additional questions no later than by January 31, 2022 to ensure your questions are addressed.

General Insurance Statistical Agency

Frequently Asked Questions (FAQ)

General

1. Will the GISA IFRS 17 Financial Information template completely replace the FI-ULAE and FI-Main?

Response: Yes. The final version of the template, will replace the existing FI-ULAE and FI-Main templates starting with 2023 data collected in 2024. It will be based on the attached proposed draft template.

2. Which fields from the template should reconcile to the P&C?

Response: In the "GISA – IFRS 17 – Draft Template" file, the dark green cells reconcile back to fields in the P&C forms. The light blue cells are "allocated" based on the total amounts that reconcile to the P&C forms.

3. Do we need to distinguish onerous contracts throughout the template?

Response: Onerous contract information is requested in row 17 of the Draft Template as part of the "Total Insurance service expenses" line as well as in rows 78 and 79 as part of the additional information.

4. What is the "Adjustments to Liabilities for Incurred Claims" referring to?

Response: This amount is the prior year development on Liabilities for Incurred Claims. This amount reconciles to PC1 page 20.14 line 240, column 19.

5. What is "Effect of changes in non performance risk of reinsurers" and what is this referring to?

Response: This amount represents the change in the expected credit loss established on your reinsurance assets. See PC3 page 70.10 line 89, column 14.

6. For the "Breakdown of following expenses in Insurance service and other operating expenses" section, there might be other categories that do not fall in the existing 5. Will there be an "other" line or additional categories such as marketing, training cost, overhead and corp., allocations, etc.?

Response: We have taken this into consideration and will be adding an "other" line to encapsulate additional expenses.

7. Is GISA referring to general expense included in Insurance service expense on line 220 to 240 of page 80.25 (Insurance service expense and other operating expense) OR of general operating expense outside the contract boundary on line 440 of page 80.25?

Response: This is the PPA portion of the general operating expenses outside the contract boundary on line 440 of page 80.25.

Run-off section - Net liabilities for incurred claims

1. Please provide a definition of net. Is the net referring to net of cashflows?

Response: With reference to the P&C return instructions for page 60.45: Net Liabilities for Incurred Claims reported should equal the sum of the amounts reported on page 20.14, line 799, columns 10, 12 and 16, less the sum of amounts reported on page 20.18, line 599, columns 10, 12 and 16.

2. Are the incurred amounts discounted or undiscounted and does it include the Risk Adjustment (RA)?

Response: The starting point (column D from the template), includes both discounting and RA. Discounting is removed in Column E, and RA is removed in column F, leaving the Ultimate in Column G on an undiscounted, non-risk adjusted basis. This is consistent with PC3 page 93.65.

3. The template appears to show the current financial year and previous year. Is the expectation that we can provide each year by accident year in the template or is it a current financial year and then all prior years?

Response: Run-off will be reported the same way as it currently stands and will only be required for Ontario writers. It is reported based on financial year, but should include all accident years. We understand 2023 result reporting will include 2023 and 2022 & prior under IFRS 17, which will increase by one additional financial year, until we meet the maximum of 5 years.

4. Are we keeping only 2 years, or is the intention to build it out where 2024 will have 3 groupings (2024, 2023, 2022 & prior), and build out to 5 years over time?

Response: Refer to the response to question 3 above.

Additional Information Section

1. "Losses on Onerous insurance contracts net Total", is this net of reinsurance?

Response: This total reconciles to page 60.80, which is the loss component as reported on page 20.14 line 230, column 19, net of the loss recovery component as reported on page 20.18 line 140, column 19.

2. Can you please clarify whether reinsurance recoveries for onerous contracts that are subject to reinsurance are to be included in "Net expenses from reinsurance contracts held"? It does not appear to belong in any of the existing line items.

Response: Yes, the loss recovery component would be included in the "Amounts recoverable from reinsurers for incurred claims" section.

3. "New Loss Component Total" does not show the calculation; what is included in the total?

Response: This amount represents any new loss component established on onerous contracts recognized in the period and any reversal of any previously recognized loss component. Refer to PC1 page 20.14 line 230, column 06.

4. Can you please define "Agency (Excluding Commission)"?

Response: Per 80.25 line 050, "Agency (Excluding Commission)" includes: payments for agents' licences and signs; expense of training agents; cost of promotional material, souvenirs, etc., in agent's name only; expense of seminars, conventions and meetings for agents; allowances, reimbursements and payments for expenses to agents, brokers and producers other than company personnel and not computed as a percentage of premiums.

5. How should items like investment income and income taxes by province be allocated?

Response: Companies should have their own allocation method, whether it is based on capital investment assets, premium, etc. Companies are required to disclose the allocation method they have used.

6. Is "Insurance Service and other Operating expenses attributed to General Operating expenses only" intended to capture those expenses which are not considered to be directly attributable to the insurance contract (fulfillment cash flows)?

Response: This should be consistent with what is reported in the P&C return. Companies should consult with their auditor and/or accountant regarding how it should be classified.

7. Is the breakdown between the "Effect of Discounting" and "Effect of Risk Adjustment for non-financial risk" by province necessary as this information is not required by OSFI by accident year?

Response: This will be no difference from what we have currently in place. Provincial breakdown will still be required regardless of what is submitted to the company's prudential regulator.

8. Is "Insurance service and other operating expenses attributed to General Operating Expenses only" meant to be insurance services expenses that were historically classified as operating expenses under IFRS 4?

Response: Companies should consult with their auditor and/or accountant regarding how it should be classified.

9. Is "Effect of RA" expected to match Page 60.45 Line 220? Depending on the answer for Effect of Discounting, there could be a potential mismatch.

Response: We would not expect the two to match since the information requested in the GISA template is specific to PPA and is net of FARM. It is likely that the total would be impacted similarly.

ULAE Replacement

1. Does the ULAE portion of the "Undiscounted liabilities for incurred claims" need to be reported?

Response: Yes. This amount reconciles to PC3 93.65 line 310, column 30.

2. Are amounts on a direct or net basis?

Response: ULAE is associated with assumed business and would not include any offsets from reinsurance. Refer to page 93.65

3. Does this include health levies?

Response: There are no specific definitions included in the OSFI instructions on these amounts. There is mixed practice on whether health levies are included as part of claim amounts or operating expenses.

4. Do the incurred amounts include ULAE, IBNR and Case Reserves? For example, does line 93 include line 94?

Response: Line 93 is the incurred amount while line 94 is the cash paid consistent with the IFRS 17 liability rollforward. The incurred amount will include the cash paid (i.e. Ending liability less opening liability plus cash paid is equal to incurred).

5. Is the rollforward calculation based on paid losses? What elements are considered paid losses? Can claims related expenses include some general expenses?

Response: It is expected that the paid amount per page 20.14 line 520, column 12 will include all claims and attributable expenses paid.

Calculation clarification

1. Reference B: Row 19 = sum of rows 15 to 18, but row 18 = 15+16-17, circular calculation?

Response: Row 18 has been revised to be an input instead of a calculation.

2. On row 50, accident years 2019 and 2020 are shown. Should this be 2022 & 2023?

Response: Yes. Cell labels have been updated.

3. Row 66 is the PPA Total and row 67 is Total, can you please clarify?

Response: Row 67 shows that the Total (across all products) will tie to the PC forms; the PPA total will need to be allocated. The PPA total should be the sum of rows 52-65 and row 67 should not have a formula in it. These issues have been resolved.

Annual Balance of Reconciliation (ABR)

1. Will ABR ASP be required in the future? How will Risk Sharing Pool (RSP) be treated in the proposed template?

Response: Yes. ABR will be required in the future, the section is still in development. There should be no changes with RSP in the new proposed template.