

January 19, 2010

Presidents and CEOs, c/o Canadian Chief Agents
Foreign insurers registered to transact business in Canada

Re: Enclosed revised Consent and Undertaking to facilitate the conduct of insurance business across Canada under revised Part XIII of the *Insurance Companies Act* (Canada).

Canadian
Council of
Insurance
Regulators

Conseil
canadien
des responsables
de la
réglementation
d'assurance

Dear Sirs/Madams,

After consultations with industry stakeholders, regulators have revised the Consent and Undertaking (C&U) that was sent to you on December 1, 2009. It is now more generally worded to allow companies more flexibility in their business models.

As you may recall, the Canadian Council of Insurance Regulators (CCIR) has agreed to coordinate the distribution and receipt of the enclosed Consent and Undertaking.

Enclosed you will find both a blank revised Consent and Undertaking and a revised Notice explaining the reasons behind the Consent and Undertaking. The deadline for voluntarily signing and returning it has been extended to January 31, 2010.

The involved Canadian provincial insurance regulators would appreciate your swift compliance with this request. Any questions you or your representatives may have can be e-mailed to ccir-ccra@fSCO.gov.on.ca.

Yours sincerely,



Danielle Boulet
Chair
CCIR

FROM:

Legal Name of Insurer ("the Insurer")			
Head Office Address			
Town/City	Province/State	Postal Code/ZIP Code	Country
Telephone # ()		Fax # ()	
Jurisdiction of Incorporation			

CONSENT AND UNDERTAKING

On January 1, 2010, amendments to Part XIII of the *Insurance Companies Act* (Canada) (the "Act") that affect the regulatory scope of the federal regime as it applies to foreign insurance companies will come into force.

To facilitate the conduct of insurance business across Canada, and avoid duplication of prudential regulation between jurisdictions, a foreign insurance company authorized under the Act to insure in Canada risks may, at its option, choose to enter into this Consent and Undertaking with the insurance regulators of the following provinces and territories:

Alberta, Saskatchewan, Manitoba, New Brunswick, Nova Scotia, Ontario, Prince Edward Island, Newfoundland and Labrador, Yukon Territory, the Northwest Territories and Territory of Nunavut (each, a "Province").

This Consent and Undertaking does not change any requirement under each Province's laws to obtain a licence, the requirement to hold a licence being governed by the laws of each particular Province.

ACCORDINGLY, THE INSURER UNDERTAKES AND AGREES THAT:

1. All risks insured by the Insurer as a result of any activity or activities that cause the Insurer to either carry on business under any Province's insurance legislation or transact insurance in any Province, shall be insured by the Insurer only in a

manner that requires the Insurer to vest assets in trust in respect of those risks, pursuant to the Act.

2. The Insurer agrees to the above being added as a condition on its insurance licence issued by each Province, other than Ontario.
3. For the purposes of Ontario, the Insurer hereby acknowledges and agrees that the above is an undertaking within the meaning of paragraphs 447(2)(c) and 448(1)(b) of the *Insurance Act* (Ontario).

Name of Authorized Officer	Title of Authorized Officer:
Signature of Authorized Officer	Date (yyyy/mm/dd)

Notice regarding Part XIII Consent and Undertaking

From:

The Superintendents of Insurance of Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, and Yukon Territory, the Northwest Territories and Territory of Nunavut (“the provincial regulators”)

To:

All foreign insurers registered to transact business in Canada

Re:

Request to foreign insurers to voluntarily sign the enclosed Consent and Undertaking (“C&U”) to facilitate the conduct of insurance business across Canada under revised Part XIII of the *Insurance Companies Act (Canada)* (“Part XIII”)

As you may know, the balance of the revisions to Part XIII, which effectively change the federal regulatory focus with respect to foreign insurers from the location of risks to the location of insurance, came into force on January 1, 2010. In response to various issues raised by these changes, the provincial regulators, in consultation with the Office of the Superintendent of Financial Institutions Canada (OSFI), are seeking to apply a consistent approach to licensing requirements across Canada.

In an effort to mitigate the confusion that might result from foreign insurers dealing with each regulator separately, the provincial regulators have drafted the enclosed common C&U. A foreign insurer signing this C&U will be agreeing to conduct its activities in accordance with the terms of the C&U.

Following consultations with various stakeholders, the provincial regulators have revised the C&U that was originally distributed on December 1, 2009. The condition set out in the enclosed C&U has been revised in an effort to provide foreign companies with greater flexibility in respect of their Canadian business models. In relation to the insurance of risks covered by the C&U, the condition effectively requires the foreign insurer to insure in Canada those risks, pursuant to Part XIII.

The condition in the C&U has the effect of harmonizing the reporting basis for the provincial regulators and OSFI. Putting this licensing condition in place will avoid the need for a foreign insurer to make arrangements for prudential (solvency) regulation individually with each of the provincial regulators. This will also reduce the additional

regulatory costs that foreign insurers were facing as a result of the revisions to Part XIII by removing the need for additional pages on the quarterly and annual financial statements (P&C2 and Life2), except in Quebec.

The C&U represents the agreement by the foreign insurer to be bound by its provisions, and in all provincial regulators' jurisdictions, other than Ontario, consent to have them added as conditions on their licence. We wish to make clear that the C&U is being requested on a voluntarily basis and is not disciplinary in nature.

The requirements to hold a licence are set out in the insurance laws of each province and territory, and this C&U does not change any existing obligation under provincial law to obtain such a licence. We recognise that, in the past, insurers may not have focussed on whether their insurance related activities in Canada required them to hold a provincial or territorial insurance license in each Canadian jurisdiction. If you have any questions regarding whether your insurance related activities would necessitate insurance licensing in any Canadian province or territory, please contact the insurance regulator of that jurisdiction.

Please note that your agreement to the C&U will in no way affect the availability of any permitted reductions in vested assets under the *Insurance Companies Act (Canada)* as a result of, for example, registered reinsurance treaties in respect of insurance coverage captured by the C&U.

You will also note that the condition contained in the C&U encompasses specific language from the insurance legislation in each jurisdiction (i.e., "carry on business" and "transact insurance"), however, this does not change the nature or effect of the condition.

Please complete and return the enclosed C&U **by January 31, 2010** to:

**Canadian Council of Insurance Regulators
5160 Yonge. St.
17th Floor, Box 85
Toronto, Ontario
Canada
M2N 6L9**