



International Accounts and Trade Division

**Reporting Guide for Balance of Payments Questionnaire
BP-27**

**Canadian Life Insurance Companies
and
Canadian Property and Casualty Insurance
Companies**



Statistics
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Specific inquiries about this guide and related statistics or services should be directed to:

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150 Tunney's Pasture Driveway
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Reporting Guide for Balance of Payments Questionnaire BP-27

CANADIAN LIFE INSURANCE COMPANIES

Transactions between Canadian incorporated insurance companies and their foreign affiliates, agencies and bank accounts and other companies or persons outside Canada

Purpose:

The data are required to prepare statements on Canada's Balance of International Payments and Investment Position.

The Balance of International Payments records transactions (flows) between Canada and the rest of the world. The International Investment Position reports on the various types of international claims and liabilities of Canadian residents. In respect of Canadian life insurance companies, the main international flows arise from transactions with foreign subsidiaries/ affiliates/branches and with other foreign companies, and from reinsurance transactions with non-residents.

This return is sent to individual insurance companies in Canada. If the company is a member of a group in Canada, companies may elect to file a single return for the entire Canadian insurance group. In such a case, a specific notation to this effect should be made on the first page of the return. *It is important to exclude the insurance operations conducted through your company's foreign branches.* However, transactions between your company's Canadian operations and its foreign branches should be reported.

Information is for the year ended December 31. The data are to be reported on the basis of foreign country and affiliation.

There are three principal parts to the return as follows:

Part 1: Reinsurance Business

- (A) Reinsurance **ceded** to unregistered non-resident insurers - **Canadian Business**
- (B) Reinsurance **ceded** to unregistered non-resident insurers - **Out of Canada Business**
- (C) Reinsurance **assumed** from unregistered non-resident insurers - **Out of Canada Business**

Part 2: Direct business transacted with non-residents - Out of Canada Business

Part 3: Other international transactions

Part 1 - Reinsurance Business

Canadian life companies are asked to report transactions with non-residents in respect of their reinsurance business with unregistered foreign companies. An unregistered foreign company is an insurance company, or reinsurance company, incorporated or registered outside of Canada but not registered to transact business in Canada. Reinsurance transacted with foreign insurers registered in Canada (i.e. Canadian branches of foreign insurance companies) is considered to be between residents and is not to be reported on this return.

Include business transacted from Canada with your foreign branches/subsidiaries or with your foreign parents/affiliates. Companies that only operate through foreign branches/subsidiaries are not required to complete this part.

In column (01) report premiums as premiums written. With the exception of settlement annuities, **all annuity and insurance** (life and accident & sickness) premiums and related accounts are to be included. Settlement annuities are to be included in Part 3, Other International Transactions, "Other revenue and expenses...". Commissions should include any allowances for expenses and premium taxes.

Asset and liability accounts such as unearned premiums, actuarial liabilities, outstanding claims, other receivables and payables should be as at January 1 and December 31 of the survey year. Actuarial liabilities of assuming insurers as reported in columns 6 and 7 should include amounts for life insurance, annuity, and accident and sickness businesses.

Out of Canada insurance ceded in Part 1(B) would consist of two types: the retroceded portion of the Out of Canada Business assumed from non-residents (as reported in Part 1(C)); and part of the direct business transacted with non-residents as reported in Part 2. *Again importantly, it would exclude any insurance business transacted through any of your foreign branches.*

Part 2 - Direct Business Transacted with Non-Residents - Out of Canada Business

Canadian incorporated companies that transact out of Canada business directly with non-residents from the Canadian Head Office, or a Canadian branch or office located in Canada are required to complete Part 2. *Exclude direct business written by your foreign branches.*

In column (01) report premiums as premiums written. With the exception of settlement annuities, **all annuity and insurance** (life and accident & sickness) premiums and related accounts are to be included. Settlement annuities are to be included in Part 3, Other International Transactions, "Other revenue and expenses...". Commissions should include any allowances for expenses and premium taxes.

Asset and liability accounts such as unearned premiums, actuarial liabilities, outstanding claims, other receivables and payables should be as at January 1 and December 31 of the survey year.

Part 3 - Other International Transactions

Capital transactions with either foreign subsidiaries and branches or with foreign parents/affiliates, which are covered in columns 1 to 4 respectively in Part 3, are intended to include the following transactions:

- capital contributions/withdrawals evidenced by the issuance or redemption of stock, bonds, other claims or transfers;
- amounts related to the acquisition or disposal of interests abroad;
- loans or advances including changes in intercompany balances;
- dividends but not interest on debt instruments; interest should be reported in this exhibit under "Other revenue and expenses...";
- the reinvestment of dividends or of interest.

Investment in securities for all your company's activities (ie. including segregated funds) should be reported in columns 5 and 6 *if the transactions are conducted directly through foreign based investment dealers*. Do not report security transactions conducted through Canadian based investment dealers as they are surveyed separately. The amounts should be reported on a gross basis. Thus, both the purchases and the sales or redemptions should be reported.

Investment in securities on behalf of foreign subsidiaries/branches carried out through Canadian based investment dealers should be reported in columns 7 and 8.

Other revenue and expenses should be reported on an accrued basis and coded according to type as specified in the box at the bottom of the form. *Include home office services done by your company for foreign subsidiaries/branches, or on your company's behalf by a foreign parent*. Other revenue and expenses reported in this section should not include any premiums, claims or commissions, or expense allowances directly related to premiums on insurance, reinsurance or annuity businesses, as this information is captured in Parts 1 and 2. Settlement annuities however should be reported under "Other revenue and expenses..." in Part 3.

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CANADIAN PROPERTY AND CASUALTY INSURANCE COMPANIES

Transactions between Canadian incorporated insurance companies and their foreign affiliates, agencies and bank accounts and other companies or persons outside Canada

Purpose:

The data are required to prepare statements on Canada's Balance of International Payments and Investment Position.

The Balance of International Payments records transactions (flows) between Canada and the rest of the world. The International Investment Position reports on the various types of international claims and liabilities of Canadian residents. In respect of Canadian property and casualty insurance companies, the main international flows arise from reinsurance transactions with non-residents, and from transactions with foreign subsidiaries/affiliates/branches and with other foreign companies.

This return is sent to individual insurance companies in Canada. If the company is a member of a group in Canada, companies may elect to file a single return for the entire Canadian insurance group. In such a case, a specific notation to this effect should be made on the first page of the return. *It is important to exclude the insurance operations conducted through your company's foreign branches.* However, transactions between your company's Canadian operations and its foreign branches should be reported.

Information is for the year ended December 31. The data are to be reported on the basis of foreign country and affiliation.

There are three principal parts to the return as follows:

Part 1: Reinsurance Business

- (A) Reinsurance **ceded** to unregistered non-resident insurers - **Canadian Business**
- (B) Reinsurance **ceded** to unregistered non-resident insurers - **Out of Canada Business**
- (C) Reinsurance **assumed** from unregistered non-resident insurers - **Out of Canada Business**

Part 2: Direct business transacted with non-residents - Out of Canada Business

Part 3: Other international transactions

Part 1 - Reinsurance Business

Canadian property and casualty companies are asked to report transactions with non-residents in respect of their reinsurance business with unregistered foreign companies. An unregistered foreign company is an insurance company, or reinsurance company, incorporated or registered outside of Canada but not registered to transact business in Canada. Reinsurance transacted with foreign insurers registered in Canada (i.e. Canadian branches of foreign insurance companies) is considered to be between residents and is not to be reported on this return.

Include business transacted with foreign branches/subsidiaries or with foreign parents/affiliates. Companies that only operate through foreign branches/subsidiaries are not required to complete this part.

Asset and liability accounts such as unearned premiums, outstanding claims, other receivables and payables should be as at January 1 and December 31 of the survey year. Commissions should include any allowances for expenses and premium taxes.

Out of Canada insurance ceded in Part 1(B) would consist of two types: the retroceded portion of the Out of Canada Business assumed from non-residents (as reported in Part 1(C)); and part of the direct business transacted with non-residents as reported in Part 2. *Again importantly, it would exclude any insurance business transacted through any of your foreign branches.*

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Asset and liability accounts such as unearned premiums, outstanding claims, other receivables and payables should be as at January 1 and December 31 of the survey year. Commissions should include any allowances for expenses and premium taxes.

Part 3 - Other International Transactions

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- capital contributions/withdrawals evidenced by the issuance or redemption of stock, bonds, other claims or transfers;
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