



International Accounts and Trade Division

**Reporting Guide for Balance of Payments Questionnaire
BP-28**

**Canadian Branches of Foreign Life Insurance Companies
and**

**Canadian Branches of Foreign Property and
Casualty Insurance Companies**



Statistics
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How to obtain more information...

For information on the wide range of data available from Statistics Canada, you can contact us by calling one of our toll free numbers. You can also contact us by e-mail or by visiting our Web site.

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Reporting Guide for Balance of Payments Questionnaire BP-28 CANADIAN BRANCHES OF FOREIGN LIFE INSURANCE COMPANIES

Transactions between Canadian branches of foreign insurance companies in Canada and head or other offices, 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. The main international flows of Canadian branches of foreign life insurance companies arise from reinsurance transactions with non-residents and transactions with their foreign head offices.

This return is sent to individual insurance branches in Canada. *If the branch is a member of a group in Canada, branches 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.

The balance sheet of the Canadian branch should be completed on the same accounting basis as that required by the Office of the Superintendent of Financial Institutions Canada (OSFI). Information is for the year ended December 31 as reported to OSFI.

There are three principal parts to the return as follows:

Part 1: Reinsurance Business

- (A) Reinsurance **ceded** to unregistered non-resident insurers
- (B) 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

Part 1(A): Reinsurance **ceded** to unregistered non-resident insurers

Canadian branches of foreign 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 ceded to other foreign insurers registered in Canada (ie. Canadian branches of foreign insurance companies) is considered to be between residents and is not to be reported on this return.

The information included in this exhibit is similar, but not identical, to the information requested by the federal insurance regulator (OSFI-55) in respect of reinsurance ceded to unregistered companies. The principal differences are:

1. This exhibit does not include balances in respect of unregistered Canadian incorporated companies.
2. A column for *commissions earned* has been added.
3. This exhibit is to be completed on the basis of foreign country rather than on company.
4. No distinction is required in this exhibit as to reinsurance transactions with "approved" or "not approved" unregistered foreign companies.

The amounts for premiums, commissions and claims should be for the 12 months ended December 31 as reported to OSFI. With the exception of settlement annuities, all annuity and insurance (life, accident and sickness) premiums and related accounts are to be included in Part 1(A). Settlement annuities are to be included in Part 3, Other International Transactions, "Other revenue and expenses...".

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.

Commissions should include any allowances for expenses and premium taxes. Actuarial liabilities of assuming insurers as reported in columns 6 and 7 should include amounts for life insurance, annuity, and accident and sickness businesses.

Part 1(B): Reinsurance **assumed** from unregistered non-resident insurers - Out of Canada Business

Canadian branches that assume out of Canada reinsurance business are required to complete this exhibit. Include business transacted with foreign head offices or with foreign affiliates. If any out of Canada business assumed is in turn ceded to unregistered foreign insurers, the insurance ceded should be included in Part 1(A).

Reinsurance assumed requested in this exhibit can be cross-referenced for premiums written and policyholder benefits paid and incurred, with the information requested by the federal insurance regulator (OSFI-55).

The amounts for premiums, commissions and claims should be for the 12 months ended December 31 as reported to OSFI. In column (01) report premiums as premiums written. With the exception of settlement annuities, all annuity and insurance premiums and related accounts are to be included in Part 1(B). Settlement annuities are to be included in Part 3, Other International Transactions, "Other revenue and expenses...".

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.

Commissions should include any allowances for expenses and premium taxes. Actuarial liabilities of assuming insurers as reported in columns 6 and 7 should include amounts for life insurance, annuity, and accident and sickness businesses.

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

Canadian branches that transact out of Canada business directly with non-residents are required to complete Part 2.

Direct business requested in this exhibit can be cross-referenced for premiums written and policyholder benefits paid and incurred, with the information requested by the federal insurance regulator (OSFI-55).

The amounts for premiums, commissions and claims should be for the 12 months ended December 31. In column (01) report premiums as premiums written. With the exception of settlement annuities, all annuity and insurance premiums and related accounts are to be included in Part 2. Settlement annuities are to be included in Part 3, Other International Transactions, "Other revenue and expenses...".

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.

Commissions should include any allowances for expenses and premium taxes.

Part 3 - Other International Transactions

Investment in securities for all your branch's activities (ie. including segregated funds) should be reported in columns 1 and 2 *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. Mortgages should be included with securities.

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 exhibit. *Include home office services done on your branch's behalf by a foreign head office.* 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.

Contact:

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Reporting Guide for Balance of Payments Questionnaires BP-28 CANADIAN BRANCHES OF FOREIGN PROPERTY AND CASUALTY INSURANCE COMPANIES

Transactions between Canadian branches of foreign insurance companies in Canada and head or other offices, 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. The main international flows of Canadian branches of foreign property and casualty insurance companies arise from reinsurance transactions with non-residents and transactions with their foreign head offices.

This return is sent to individual insurance branches in Canada. *If the branch is a member of a group in Canada, branches 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.

The balance sheet of the Canadian branch should be completed on the same accounting basis as that required by the Office of the Superintendent of Financial Institutions Canada (OSFI). Information is for the year ended December 31 as reported to OSFI.

There are three principal parts to the return as follows:

Part 1: Reinsurance Business

- (A) Reinsurance **ceded** to unregistered non-resident insurers
- (B) 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

Part 1(A): Reinsurance **ceded** to unregistered non-resident insurers

Canadian branches of foreign 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 Canada but not registered to transact business in Canada. Reinsurance ceded to other foreign insurers registered in Canada (ie. Canadian branches of foreign insurance companies) is considered to be between residents and is not to be reported on this return.

The information included in this exhibit is similar, but not identical, to the information requested by the federal insurance regulator (P&C-2) in respect of reinsurance ceded to unregistered companies. The principal differences are:

1. This exhibit does not include balances in respect of unregistered Canadian incorporated companies.
2. A column for *commissions earned* has been added.
3. This exhibit is to be completed on the basis of foreign country rather than on company.

The amounts for premiums, commissions and claims should be for the 12 months ended December 31 as reported to OSFI.

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 1(B): Reinsurance **assumed** from unregistered non-resident insurers

Canadian branches that assume out of Canada reinsurance business are required to complete this exhibit. Include business transacted with foreign head offices or with foreign affiliates. If any out of Canada business assumed is in turn ceded to unregistered foreign insurers, the insurance ceded should be included in Part 1(A).

The amounts for premiums, commissions and claims should be for the 12 months ended December 31 as reported to OSFI. 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 2 - Direct business transacted with non-residents - Out of Canada Business

Canadian incorporated or registered companies that transact out of Canada business directly with non-residents are required to complete Part 2.

The amounts for premiums, commissions and claims should be for the 12 months ended December 31 as reported to OSFI. 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

Investment in securities for all your branch's activities should be reported in columns 1 and 2 *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. Mortgages should be included with securities.

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 on your branch's behalf by a foreign head office*. 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 and reinsurance business, as this information is captured in Parts 1 and 2.

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