

Tracking Federal Regulatory Initiatives

Regulatory Affairs

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Proposed Regulations for Pre-Publication in Part I, Canada Gazette	Statutory Authority & Regulatory Plan Listing
<p>Assessment of Financial Institutions Regulations, 1996, amendment</p> <p>The proposed amendments combine Life Insurance Companies and Fraternal Benefit Societies into one pool and leave property and casualty insurance companies in a separate pool, starting in fiscal year 1996-97, for the purpose of tracking costs of the Office of the Superintendent of Financial Institutions (OSFI) in supervising these financial institutions and assessing charges for these costs against them.</p> <p>The amendments would also make changes to permit OSFI to ascertain the incurred expenses for administering the <i>Investment Companies Act</i> and to collect the final assessment for investment companies for the period April 1, 1995 to July 31, 1996, as well as the average total assets during the 1994 calendar period for each investment company, notwithstanding the fact that the <i>Investment Companies Act</i> was repealed as of July 31, 1996. The expenses for administering the <i>Investment Companies Act</i> for the period had not been ascertained at the time the Act was terminated.</p>	<p><i>Office of the Superintendent of Financial Institutions Act</i>, subsection 23(3); <i>An Act to amend, enact and repeal certain laws relating to financial institutions</i>, subsection 110(3)</p> <p>OSFI/97-5-I</p> <p>To be published in Canada Gazette August 16, 1997</p>

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Proposed Regulations

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&
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At present, the Regulations require that insurance companies and fraternal benefit societies are assessed as one group. The expenses are then apportioned into three pools (life, fraternal, and property & casualty) based on premium income and then divided pro-rata among individual companies.

In 1995-96, the combined life and fraternal pools represented some 57% (\$9.6-million) and the property & casualty pool some 43% (\$7.3-million).

Beginning in 1996-97, OSFI will examine life companies annually and property and casualty companies biannually. The supervisory costs for life companies are expected to increase faster in future than those for property and casualty companies.

If the proposed change in assessment proceeds, the assessment increases for life companies and fraternal would be about \$25,000 in 1996-97 and increase further in future years. However, the increase for life companies would be moderated compared to the situation where the assessment was left as is.

Under the proposed change relating to investment companies, the terms "average total assets" and "amount of expenses" used in the Regulations will be defined the same way as they are in Bill C-15 (paragraphs 110(3)(a) and 110(3)(b)).

Based on earlier consultations, the financial industries affected by the proposed changes support the changes.

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