

# Advisory

## Changes to Process for BCFSA's Review of OSFI Guidance, Release of Guideline of Adopted OSFI Guidance for Insurers in B.C., Adoption of Assurance Guideline, and Changes to E-18 Expectations

---

**Date:** February 27, 2025  
**Distribution:** Insurance Companies Authorized in B.C.  
**Advisory Number:** 25-006

---

### PURPOSE

BC Financial Services Authority ("BCFSA") is revising its process for reviewing and adopting guidance published by the Office of the Superintendent of Financial Institutions ("OSFI"). As part of this revision, BCFSA is releasing a Guideline to Adopted OSFI Guidance for Insurers in British Columbia ("the Guideline"), to clarify expectations for adopted OSFI guidance for B.C. incorporated insurance companies ("B.C. insurers").

### NEW OSFI GUIDANCE REVIEW PROCESS

#### Guideline Replacing Table

Information on the adoption of OSFI guidance was previously communicated through a table available on the BCFSA website. Moving forward, this information will instead be communicated through the Guideline, which will allow BCFSA to provide more information on how the guidance should be applied, as well as any changes that are relevant for the B.C. jurisdiction. This format is designed to be more user-friendly for B.C. insurers and easier to update.

Also included with the Guideline will be an Appendix providing a quick reference table of adopted guidance.

Link to the Guideline: [OSFI Guidance Adopted for Insurers in British Columbia](#)

#### Updates to the Guideline

Any major updates to the Guideline will be disseminated through Advisories; however, minor updates will not generally require an Advisory. Note that the requirement for B.C. insurers to follow OSFI's guidance in relation to the Minimum Capital Test and the Life Insurance Capital Adequacy Test is set out in the Capital Requirements Regulation, which requires following those guidelines as amended from time to time. As such, B.C. insurers should expect that BCFSA will use the latest version of these Guidelines immediately upon release.

For new and revised guidance that is applicable to the segment, BCFSA will review the guidance to determine whether it should be adopted and will decide whether to conduct a consultation with B.C. insurers. The consultations will include meetings and opportunities for written feedback.

Going forward, when BCFSA is adopting a guideline, it will be put onto a BCFSA guidance template. This will allow for easier reference, as the guidelines will be available directly on our website. It will also reduce confusion when OSFI releases a new version of adopted guidance, as the B.C. version will remain

Classification: **Public**

600-750 West Pender Street  
Vancouver, B.C. V6C 2T8

T 866 206 3030  
F 866 660 3365

**You're Protected**  
[bcfsa.ca](#)

available even after OSFI has replaced or repealed its guidance. B.C. insurers will be expected to continue using the B.C. version until such time that it is replaced with an updated version or repealed.

If there is an update to guidance that BCFSA has adopted but not yet put on a BCFSA template, an Advisory will be published informing B.C. insurers that it should continue to use the older version of that guidance and will provide a copy of the old version as an attachment.

### **ADOPTION OF OSFI ASSURANCE GUIDELINE**

BCFSA has adopted OSFI's [Assurance on Capital, Leverage and Liquidity Returns Guideline](#) ("Assurance Guideline"), and it is included in BCFSA's new Guideline. The adoption is prior to the implementation of the new process, and therefore BCFSA is providing a link to the guidance as opposed to a version on a BCFSA template.

At this time, BCFSA does not expect B.C. insurers to follow the third expectation outlined in the Assurance guideline for the internal audit opinion on key regulatory returns including related controls and processes. BCFSA will expect quarterly senior management attestations beginning in fiscal 2026 and annual external audit assurance beginning with the 2026 fiscal year end.

### **REPEAL OF INS-11-001 AND CHANGES TO INSURER EXPECTATIONS**

BCFSA continues to adopt OSFI's [Guideline E-18 'Stress Testing'](#) ("E-18"), but with a revised expectation regarding the frequency of Financial Condition Testing ("FCT"). B.C. insurers are now expected to conduct FCT at least once every two years, or as directed by the Superintendent, considering the insurer's nature, size, complexity, and risk profile of the insurer. This frequency has been adjusted from the previous requirement of at least once every three years, as BCFSA found the longer interval insufficient for prudent stress testing.

In light of these changes, BCFSA is repealing its Information Bulletin INS-11-004, which pertains to the Frequency of Stress Testing and DCAT for Insurance Companies. The content of this bulletin is now outdated, and the format is no longer in use.

### **ADDITIONAL INFORMATION**

For any inquiries regarding this Advisory, please contact [insurance@bcfsa.ca](mailto:insurance@bcfsa.ca).