

December 20, 2017
File No.: 78000-03
Ref. No.: 0802

To: BC Incorporated Life Insurance Companies and Insurance Societies

Re: Adoption of the Life Insurance Capital Adequacy Test (LICAT)

This letter is to inform BC incorporated life insurance companies that the Financial Institutions Commission (FICOM) has adopted the LICAT, as finalized by the Office of the Superintendent of Financial Institutions (OSFI). The LICAT replaces the currently applied Minimum Continuing Capital and Surplus Requirements (MCCSR) and is effective January 1, 2018 for all BC incorporated life insurance companies.

On April 4, 2016, FICOM issued a [notice of intent](#) to adopt the LICAT. In the letter, BC incorporated life insurance companies were notified that once the LICAT was finalized, the guideline would become applicable for January 1, 2018.

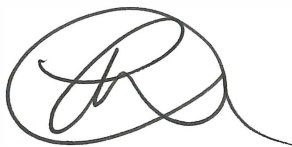
Section 8.1 of the *Capital Requirements Regulations* of BC's *Financial Institutions Act* currently states that in part, the minimum adequate capital base of a life insurance company is determined in accordance with the MCCSR as established, published, and amended from time to time by OSFI.

Despite the current reference to the MCCSR, the LICAT is still applicable under Section 8.1, as currently worded. Section 36(1)(f) of the *Interpretation Act* (Repeal and replacement of an enactment) applies such that the LICAT is applicable under the regulation since the replacement enactment relates to the same subject matter.

A link to the final version of the LICAT can be found [here](#).

If you have any questions regarding the application or implementation of the LICAT, please contact your relationship manager.

Sincerely,



Melanie Achtemichuk
Executive Director, Policy and Approvals