

November 30, 2012

Ref No.: 8468

File No.: 78000-10

To: All BC Incorporated Insurers

Re: Reinsurance in the British Columbia Market

Attached is a questionnaire for participants in the British Columbia insurance industry to provide feedback on the current status of the reinsurance market, and any challenges that participants may face when obtaining reinsurance.

We are particularly interested in whether there are any capacity issues, or issues in obtaining reinsurance from the unregistered reinsurance market. In providing feedback, please consider the impact that collateral security has on obtaining unregistered reinsurance. As you are aware, collateral security is used to provide relief or credit for unregistered reinsurance under the existing capital test regime (the Minimum Capital Test and the Minimum Continuing and Capital Surplus Requirements).

Completed questionnaires can be returned to this office by email at Insurance@ficombc.ca. Electronic versions of the questionnaire are available for download in the latest news section of our website at www.fic.gov.bc.ca.

We welcome your comments and should you have any questions, please do not hesitate to contact Harry James, Director Policy Initiatives at Harry.James@ficombc.ca. Please also note that all submissions will be held confidential.

Yours truly,



Frank Chong
Executive Director
Supervisory Support, Policy

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- Superintendent of Financial Institutions
 - Superintendent of Pensions
 - Superintendent of Real Estate
 - Registrar of Mortgage Brokers

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Reinsurance Questionnaire for British Columbia Insurance Stakeholders

Instructions

- Please complete the questionnaire and return it by email to Insurance@ficombc.ca.
- Please note that the responses will be held confidential and will not be posted.
- If possible, please return the completed questionnaire in a Word document.
- Responses are due by **January 31, 2013**.
- Electronic versions of the questionnaire are available for download in the latest news section of our website at www.fic.gov.bc.ca.

Questionnaire

- 1) What are the key factors you consider in setting the insurers' reinsurance strategy?
- 2) What are the determining factors you look for when deciding between registered and unregistered reinsurance?
- 3) What were the regulatory and non-regulatory barriers that most impact the insurers' decision between the use of registered and unregistered reinsurance?
- 4) Since FICOM is researching the effects of reinsurance governance on British Columbia insurers can you think of any features specific to British Columbia that would make it difficult to obtain reinsurance?
 - a. From registered reinsurers
 - b. From unregistered reinsurers
- 5) Have any of the following topics impacted your ability to obtain the desired reinsurance?
 - a. Capacity
 - b. Specific lines or types of insurance (For example: A line of property insurance or a type of excess insurance)
 - c. Geographic concentration
 - d. Capital security requirements
 - e. Other

- 6) Is the need to use certain forms of collateral security causing limitations or restrictions on your ability to obtain necessary unregistered reinsurance?
 - a. If so, what are the limitations?
 - b. Are these limitations specific to certain lines or types of reinsurance?
 - c. Are they related to a form of collateral security?
 - i. Reinsurance Security Agreements
 - ii. Reinsurance Trust Agreements
 - iii. Letters of Credit

- 7) Any further comments you would like to make?