



**Canadian Life
and Health Insurance
Association Inc.**

**Association canadienne
des compagnies d'assurances
de personnes inc.**



September 10, 2004

The Morris Review
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Role and Accountability of Actuaries

The Canadian Life and Health Insurance Association (CLHIA), established in 1894, is a voluntary trade association that represents the collective interests of its member life and health insurance companies. The CLHIA's membership accounts for 97 per cent of the life and health insurance in force in Canada and administers about two-thirds of the pension plans in the country.

As the Morris Review of the actuarial profession in the UK is intended to be wide-ranging, taking into account developments in other countries, we would like to make a few general comments on behalf of our member companies with respect to the actuarial profession in Canada.

Actuaries have played an important role in the history of the life insurance industry in Canada – as part of company management teams, as key members of the regulatory bodies for the industry, and in their critical work of determining premiums and establishing policy liabilities for the insurer. In more recent years, the responsibilities placed on the actuary by the legislative and regulatory environment have facilitated and accelerated the development of (i) a Canadian insurance accounting model incorporating strong linkage between liability and asset measurement and clear definitions of the roles of actuary and external auditor; (ii) risk-based capital requirements built on this sound economic model; and (iii) risk management tools such as asset-liability management procedures and stress testing.

Underpinning the increased responsibilities that have been placed on the actuary has been the establishment and refinement of professional standards for the profession. These include rules of professional conduct, standards of practice, peer review, and a disciplinary process to enforce these professional requirements.

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In our opinion, the life and health insurance industry and the public at large have been well served by the regulatory and professional governance structure and the resulting conduct and practice of the actuarial profession in Canada.

If we can be of any further assistance with respect to the Review, please do not hesitate to let us know.

Yours truly,

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