

October 1, 2014
File No.: 78000-01
RefNo.: 1057

To: British Columbia Incorporated Property & Casualty (P&C) Insurers and Reciprocal Exchanges

Re: Adoption of Guideline: Minimum Capital Test (MCT)

This is to inform British Columbia incorporated P&C Insurers and Reciprocal Exchanges that the Financial Institutions Commission (FICOM) has adopted the 2015 Minimum Capital Test (MCT) Guideline, issued in September 2014 by the federal Office of the Superintendent of Financial Institutions (OSFI). The Guideline will come into effect on January 1, 2015.

For reference, Section 8 of the Capital Requirements Regulation of the *Financial Institutions Act* of British Columbia states in part, that the minimum adequate capital base of a general insurance company is determined in accordance with the MCT Guideline as established and published, and amended from time to time by OSFI.

Apart from differences due to law and unless otherwise stated, FICOM will adopt future changes to the MCT Guideline as established, published, and amended by OSFI.

Link to websites:

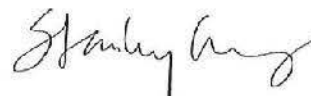
OSFI's 2015 MCT Guideline:
<http://www.osfi-bsif.gc.ca/Eng/Docs/mct2015.pdf>

OSFI's 2015 MCT's Accompanying Letter:
<http://www.osfi-bsif.gc.ca/Eng/Docs/mct2015-let.pdf>

Financial Institutions Act Capital Requirements Regulation of British Columbia:
http://www.bclaws.ca/civix/document/id/complete/statreg/315_90

Should you have any questions, please contact Tiffany Mak, Senior Analyst, Information Management, at tiffany.mak@ficombc.ca.

Yours truly,



Stanley Chang
Director, Information Management

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- Superintendent of Real Estate
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