

The Saskatchewan Insurance Compensation Plan Regulations, 1990

Repealed

by [Chapter I-9.11 Reg 1](#) (effective January 1, 2020).

Formerly

Chapter S-26 Reg 5 (effective May 4, 1990)
as amended by Saskatchewan Regulations 49/90.

NOTE:

This consolidation is not official. Amendments have been incorporated for convenience of reference and the original statutes and regulations should be consulted for all purposes of interpretation and application of the law. In order to preserve the integrity of the original statutes and regulations, errors that may have appeared are reproduced in this consolidation.

Table of Contents

PART I		15	Value of liabilities
Title and Interpretation		16	Alternate margin factor
1	Title	17	Reinsurance
2	Interpretation, "Act"	18	Calculations
PART II		PART III	
Property and Casualty Insurance		Life and Health Insurance	
Compensation Plan		Compensation Plan	
3	Interpretation of Part	19	Interpretation of Part
4	Compensation association	20	Compensation association
5	Members of association	21	Members of association
6	Reciprocal insurers exempted	22	Compliance
7	Compliance	23	Authorization to collect fees and levies
8	Authorization to collect fees and levies	PART IV	
9	Minimum asset requirements	Repeal and Coming into Force	
10	Determination of reasonable relationship	24	R.R.S. c.S-26 Reg 4 repealed
11	Rules of calculation	Appendix	
12	Asset value		
13	Book value and market value		
14	Aggregate amount		

CHAPTER S-26 REG 5
The Saskatchewan Insurance Act

PART I
Title and Interpretation

Title

1 These regulations may be cited as *The Saskatchewan Insurance Compensation Plan Regulations, 1990*.

Interpretation, “Act”

2 In these regulations, “**Act**” means *The Saskatchewan Insurance Act*.

4 May 90 cS-26 Reg 5 s2.

PART II
Property and Casualty Insurance Compensation Plan

Interpretation of Part

3 In this Part:

- (a) “**calculation date**” means the date at which calculations are made for the purposes of this Part;
- (b) “**compensation levy**” means a levy assessed on members pursuant to the provisions of the memorandum of operation;
- (c) “**designated compensation association**” means the corporation designated as a compensation association pursuant to section 4;
- (d) “**member**” means every insurer who is or is required to be a member of the designated compensation association;
- (e) “**memorandum of operation**” means a memorandum enacted by resolution of the board of directors or provisional board of directors of the designated compensation association setting forth the detailed rules and procedures that are to be followed by the designated compensation association in making voluntary payments to policy holders and other claimants with respect to claims under insurance policies which are unpaid by reason of a member becoming an insolvent insurer;
- (f) “**published market**” means a published market as defined in section 98 of *The Securities Act, 1988*.

4 May 90 cS-26 Reg 5 s3.

Compensation association

4 The Property and Casualty Insurance Compensation Corporation is designated as a compensation association for the purposes of the Act and this Part.

4 May 90 cS-26 Reg 5 s4.

Members of association

5(1) In this section:

- (a) **“accident and sickness insurance”** means personal accident insurance or sickness insurance;
- (b) **“aircraft insurance”** means insurance against:
 - (i) liability arising out of:
 - (A) bodily injury to or the death of a person; or
 - (B) the loss of or damage to property;caused by an aircraft or the use or operation of an aircraft; or
 - (ii) the loss of or damage to an aircraft;
- (c) **“credit insurance”** means insurance against loss to a person who has granted credit where the loss is the result of the insolvency or default of the person to whom credit is given but does not include mortgage insurance;
- (d) **“crop insurance”** means insurance against the loss of or damage to crops in the field caused by:
 - (i) drought;
 - (ii) excessive rain;
 - (iii) fire;
 - (iv) flood;
 - (v) frost;
 - (vi) hail;
 - (vii) hurricane;
 - (viii) insect infestation;
 - (ix) lightning;
 - (x) plant disease;
 - (xi) snow;
 - (xii) tornado;
 - (xiii) wildlife;
 - (xiv) wind; or
 - (xv) any other peril;

(e) **“directors’ and officers’ insurance”** means an undertaking by an insurer:

- (i) to indemnify the directors and officers of a company with respect to losses resulting from any claim made against them for a negligent or wrongful act; or
- (ii) to indemnify a company for all loss for which the company may be required or permitted by law to indemnify its directors and officers with respect to claims made against the directors and officers for a negligent or wrongful act;

(f) **“employer’s liability insurance”** means insurance against liability arising out of bodily injury to or the disability or death of an employee of the insured occurring as a result of or in the course of the employee’s employment, and where the insurance:

- (i) is limited to accidents occurring as a result of or in the course of the employee’s employment; and
- (ii) is included in a contract that provides insurance against liability arising out of bodily injury to or the disability or death of an employee of the insured;

includes personal accident insurance covering an employee of the insured whether or not liability exists;

(g) **“errors and omissions insurance”** means an undertaking by an insurer to pay on behalf of an insured sums that the insured is legally obligated to pay as damages because of any act, error or omission of:

- (i) the insured; or
- (ii) any other person for whose acts, errors or omissions the insured is legally responsible;

arising out of the performance, intended performance or failure to perform professional services other than professional medical services;

(h) **“fidelity insurance”** means insurance:

- (i) against loss caused by the unfaithful performance of duties by a person in a position of trust; or
- (ii) whereby an insurer undertakes to guarantee the proper fulfilment of the duties of an officer of a corporation;

(i) **“financial guarantee insurance”** means an undertaking by an insurer:

- (i) on default of the person liable for the performance of an agreement or contract or the discharge of a trust, duty or obligation:
 - (A) to perform the agreement or contract; or
 - (B) to discharge the trust, duty or obligation; or

(ii) on default:

(A) in the performance of an agreement or contract or discharge of a trust, duty or obligation in lieu of that performance or discharge; or

(B) where there is loss or damage through that default;

to pay money;

(j) **“life insurance”** means an undertaking by an insurer to pay insurance money:

(i) on death;

(ii) on the occurrence of an event or contingency dependent on human life;

(iii) at a fixed or determinable future time; or

(iv) for a term dependent on human life;

and includes an undertaking entered into by an insurer to provide an annuity or what would be an annuity except that the periodic payments may be unequal in amount;

(k) **“marine insurance”** means insurance against liability arising out of:

(i) bodily injury to or the death of a person; or

(ii) the loss of or damage to property;

occurring during a voyage or marine adventure at sea, or on an inland waterway or during delay incident to the voyage or adventure or during transit, other than by water, incident to the voyage or adventure;

(l) **“mortgage insurance”** means insurance against loss caused by default on the part of a borrower under a loan secured by:

(i) a mortgage on real property;

(ii) a hypothec on immovable property; or

(iii) an interest in real or immovable property;

(m) **“personal accident insurance”** means:

(i) insurance against loss resulting from bodily injury to or the death of a person caused by an accident; or

(ii) where, in the event of bodily injury to or the death of a person caused by an accident, an undertaking by an insurer to pay a certain sum or sums of money;

(n) **“property and casualty insurance”** means all insurance other than:

(i) accident and sickness insurance;

(ii) aircraft insurance;

(iii) automobile insurance;

- (iv) credit insurance;
- (v) crop insurance;
- (vi) directors' and officers' insurance;
- (vii) employer's liability insurance;
- (viii) errors and omissions insurance;
- (ix) fidelity insurance;
- (x) financial guarantee insurance;
- (xi) life insurance;
- (xii) marine insurance;
- (xiii) mortgage insurance;
- (xiv) personal accident insurance;
- (xv) sickness insurance;
- (xvi) surety insurance; or
- (xvii) title insurance.

(o) **"property and casualty insurers"** means a class of insurers comprised of those insurers who enter into, or have entered into, a contract or policy of property and casualty insurance;

(p) **"sickness insurance"** means:

- (i) insurance against loss resulting from the illness or disability of a person, other than loss resulting from death;
- (ii) where, in the event of an illness or disability of a person, an undertaking by an insurer to pay a certain sum or sums of money; or
- (iii) insurance against expenses incurred for dental care;

other than insurance against loss resulting from, or an undertaking by an insurer to pay a certain sum or sums of money in the event of an illness or disability arising out of an accident or insurance against expenses incurred for dental care arising out of an accident;

(q) **"surety insurance"** means insurance whereby an insurer undertakes to guarantee:

- (i) the due performance of a contract or undertaking; or
- (ii) the payment of a penalty or indemnity for any default in the due performance of a contract or undertaking;

but does not include credit insurance or mortgage insurance;

(r) **"title insurance"** means insurance against loss or damage caused by:

- (i) a defect in the title to real property;
- (ii) the existence of a lien, encumbrance or servitude on real property;

(iii) a defect in the execution of a mortgage, hypothec or deed of trust with respect to real property; or

(iv) any other matter affecting the title to, or the right to the use and enjoyment of, real property.

(2) Property and casualty insurers are designated as a class of insurers who are required to be members of the designated compensation association.

4 May 90 cS-26 Reg 5 s5.

Reciprocal insurers exempted

6 Notwithstanding subsection 5(2), the class of licensees comprised of:

- (a) members of an exchange or a reciprocal or inter-insurance exchange; and
- (b) reinsurers who are engaged only in the business of reinsurance;

are not required to be members of the designated compensation association.

4 May 90 cS-26 Reg 5 s6.

Compliance

7(1) Every member of the designated compensation association shall:

- (a) comply with the bylaw and any memorandum of operation of; and
- (b) pay any fee or compensation levy imposed by;

the designated compensation association.

(2) The superintendent may suspend or cancel the licence of any member who fails to comply with the requirements imposed pursuant to subsection (1).

4 May 90 cS-26 Reg 5 s7.

Authorization to collect fees and levies

8 The designated compensation association may collect from any member only those fees or levies, the imposition of which the member has been given prior notice by the designated compensation association.

4 May 90 cS-26 Reg 5 s8.

Minimum asset requirements

9(1) Subject to subsections (2) and (3), every member shall maintain assets in an amount that bears not less than a reasonable relationship to the outstanding liabilities, premiums and loss experience of the member as calculated pursuant to section 10.

(2) Every member shall ensure that assets maintained pursuant to subsection (1) are in addition to and are not to include any investments of the member that:

- (a) are not authorized by the Act; or
- (b) were not authorized by law at the time the investments were acquired.

(3) Subsection (1) does not apply for a period of five years after the coming into force of *The Saskatchewan Insurance Compensation Plan Regulations*, to any member who on July 31, 1988:

- (a) was licensed under the Act; and
- (b) did not meet the minimum asset requirements prescribed in subsection (1);

if the member has provided to the superintendent an undertaking and any other written assurances that the superintendent may require that the member, prior to the expiration of the five-year period, will comply with the minimum asset requirements prescribed in subsection (1).

(4) Every member mentioned in subsection (3) shall file with the superintendent an annual return reconciling, to the satisfaction of the superintendent, its performance with its undertaking made pursuant to subsection (3).

(5) If a member mentioned in subsection (3) fails to:

- (a) comply with an undertaking made to the superintendent pursuant to subsection (3); or
- (b) file the annual return mentioned in subsection (4);

the superintendent may cancel the licence of the member.

4 May 90 cS-26 Reg 5 s9.

Determination of reasonable relationship

10 For the purposes of section 9, if the value of the assets determined pursuant to section 12 is greater than or equal to the aggregate amount determined pursuant to section 14, the amount of the assets of a member is deemed to bear a reasonable relationship to the outstanding liabilities, premiums and loss experience of the insurer.

4 May 90 cS-26 Reg 5 s10.

Rules of calculation

11(1) In this Part:

- (a) the amount of a claim or a reserve for a claim includes all costs incurred or likely to be incurred by the member in adjusting and settling the claim; and
- (b) when a member has issued contracts on a premium note system, unpaid assessments levied with respect to all outstanding premium notes held by the member are deemed to be a reserve for unearned premiums.

(2) For the purposes of subsection (1), the amount of a reserve and the amount of the liabilities of a member are net of adjustments for reinsurance, if any, made in accordance with section 17.

4 May 90 cS-26 Reg 5 s11.

Asset value

12(1) In this section:

- (a) **“book value”** means the amount determined pursuant to subsection 13(1) or (2);
- (b) **“market value”** means the amount determined pursuant to subsection 13(3), (4) or (5).

(2) Where:

- (a) **“A”** is the sum of:
 - (i) the lesser of:
 - (A) the value of the member’s assets determined in accordance with generally accepted accounting principles used in Canada; and
 - (B) the value of the member’s assets set out in the most recent statement filed with the superintendent by the member pursuant to subsection 86(1) of the Act;
 - and
 - (ii) if the market value of the member’s assets is greater than the book value, the amount determined by subtracting the book value from the market value of the debt securities, equity assets and real estate, respectively, as set out in the Appendix to these regulations;
- (b) **“B”** is an amount equal to the sum of:
 - (i) any amounts owing on the calculation date to the member by agents or other insurers with respect to contracts that are in force more than 65 days after the billing date;
 - (ii) any unpaid capital or unpaid premium with respect to subscribed shares of capital stock of the member;
 - (iii) the book value of office furnishings and equipment;
 - (iv) any investments that are not authorized by a special or general Act or statute to which the member is subject; and
 - (v) any amount recorded by the member as a deferred income tax debit;
- (c) **“C”** is the amount of the member’s investment valuation reserve calculated in accordance with the Appendix to these regulations;
- (d) **“D”** is the member’s deferred policy acquisition expense, being an amount equal to the lesser of:
 - (i) the portion of unearned premiums that is required as a reserve for policy acquisition expenses recoverable by the member if a policy is cancelled; and
 - (ii) the portion of unearned premiums that is not required as a reserve for general expenses, excluding policy acquisition expenses and claims;

- (e) “E” is the amount, if any, determined pursuant to subsection (3); and
- (f) “F” is the amount, if any, greater than zero that is determined pursuant to subsection (4);

the value of the assets of a member is the amount determined by the formula:

$$\text{value of assets} = A - (B + C + D + E + F).$$

(3) Where:

- (a) “A” is the book value of all the member’s assets in Canadian dollars;
- (b) “B” is the book value of all the member’s liabilities in Canadian dollars;
- (c) “C” is the book value of all the member’s assets in Canadian dollars, adjusted to reflect the exchange rate in effect on the calculation date; and
- (d) “D” is the book value of all the member’s liabilities in Canadian dollars, adjusted to reflect the exchange rate in effect on the calculation date;
- (e) “E” means the amount mentioned in clause (2)(e);

if the member records any of its assets or liabilities in a currency other than Canadian dollars, the value of “E” is the amount determined by the formula:

$$E = (A - B) - (C - D).$$

(4) Where:

- (a) “A” is the book value of the member’s investment in the shares of the investee corporation;
- (b) “B” is the value of the paid-up capital stock of the investee corporation owned by the member;
- (c) “C” is the value of the paid-up capital stock of the investee corporation;
- (d) “D” is the value of the assets of the investee corporation, calculated in accordance with this section;
- (e) “E” is the aggregate amount for the investee corporation, calculated in accordance with section 14;
- (f) “F” means the amount mentioned in clause (2)(f); and
- (g) “investee corporation” means another corporation that transacts the business of insurance, other than life insurance, in which a member has made an investment;

and if the assets of the member include an investment in shares of an investee corporation, the amount used in the calculation of “F” is determined by the formula:

$$F = A - (B/C \times (D - E)).$$

(5) Section 14 applies, with any necessary modification, for the purpose of calculating the aggregate amount for the investee corporation for the purposes of subsection (4).

(6) Notwithstanding subsection (4), if the member has insufficient information to calculate either “D” or “E” as defined in subsection (4), the value for “D” and “E” for the purposes of that subsection is zero.

4 May 90 cS-26 Reg 5 s12.

Book value and market value

13(1) The book value of an asset is the cost or amortized cost of the asset less the sum of:

- (a) any accumulated depreciation; and
- (b) any allowance for loss.

(2) Notwithstanding subsection (1), if the interest payable to a member with respect to an asset that is a debt security is more than six months in arrears, the book value of the asset is deemed to be its market value.

(3) For the purposes of subsection (2), but subject to subsection (4), market value of an asset is deemed to be the most probable price that a buyer would pay to a seller, both acting prudently, knowledgeably and willingly, in an arm’s-length transaction in an open market under conditions requisite for a fair sale.

(4) The market value of a security listed on a published market is deemed to be its closing sale price on the calculation date or, if no such price is reported, is the more recent of:

- (a) the average of the most recent bid and asked prices for the security; and
- (b) the most recent listed sale price for the security.

(5) If bid and asked prices for a security, other than a security to which subsection (4) applies, have been available to the public in the 60 days preceding the calculation date, the market value of the security is deemed to be the average of the most recent bid and asked prices.

4 May 90 cS-26 Reg 5 s13.

Aggregate amount

14(1) In this section, “**alternate margin factor**” means the alternate margin factor determined pursuant to section 16.

(2) The aggregate amount for a member, for the purposes of section 10, is the sum of:

- (a) the amount of the member’s reserve for claims with respect to non-cancellable accident and sickness contracts;
- (b) the amount of the member’s reserve for claims with respect to accident and sickness contracts that are payable in instalments;
- (c) the total amounts of the member’s liabilities, as determined pursuant to section 15, less the amount of any liabilities that are included in clauses (a) and (b);

- (d) the product of:
 - (i) the amount of the member's reserve for claims with respect to accident and sickness contracts, other than contracts that are described in clause (a) or (b); and
 - (ii) 0.15;
- (e) the product of:
 - (i) the amount of the member's reserve for unearned premiums with respect to accident and sickness contracts, other than non-cancellable contracts; and
 - (ii) 0.15 or the alternate margin factor, if any;
- (f) an amount with respect to contracts, other than accident and sickness contracts, that is the greatest of:
 - (i) the sum of:
 - (A) the product of:
 - (I) the amount of the member's reserve for unearned premiums with respect to the contracts; and
 - (II) 0.15 or the alternate margin factor, if any; and
 - (B) the product of:
 - (I) the amount of the member's reserve for claims with respect to the contracts; and
 - (II) 0.15;
 - (ii) the sum of:
 - (A) the product of:
 - (I) the amount of the gross premiums written by the member with respect to the contracts written in the 12 months preceding the calculation date; and
 - (II) 0.15; and
 - (B) the lesser of:
 - (I) \$500,000; and
 - (II) the product of the amount of the gross premiums written as described in paragraph (A) and 0.05; and
 - (iii) the sum of:
 - (A) the product of 0.22; and
 - (I) in the case of a member that has been in business for 36 months or longer, the average annual amount of claims incurred by the member during the 36 months preceding the calculation date with respect to the contracts;

(II) in the case of a member to whom subparagraph (I) does not apply, the product of the average monthly amount of claims incurred by the member during the period that the member has been in business and 12, with respect to the contracts; and

(B) the lesser of:

(I) \$500,000; and

(II) the product of the amount calculated pursuant to subparagraph (A)(I) or (II), as the case may be, and 0.07.

4 May 90 cS-26 Reg 5 s14.

Value of liabilities

15(1) The value of the liabilities of a member is the sum of:

(a) the greater of:

(i) the value of the member's liabilities determined in accordance with generally accepted accounting principles used in Canada; and

(ii) the value of the member's liabilities set out in the most recent statement filed with the superintendent pursuant to subsection 86(1) of the Act;

(b) the lesser of:

(i) 50% of the accumulated profit realized from the member's hail insurance business, during the time the member has transacted the business of hail insurance; and

(ii) 50% of the member's net premiums written for hail insurance written during the 12 months preceding the date that is one year before the calculation date;

(c) the absolute value of the member's reserve for claims for non-cancellable accident and sickness contracts, where the amount of the reserve is less than zero; and

(d) the amount, if any, that is determined pursuant to subsection (2).

(2) Where:

(a) "A" is the total of the member's reserves for unearned premiums with respect to the risks reinsured with the reinsurer, other than non-cancellable accident and sickness risk;

(b) "B" is the total of the member's liabilities with respect to the risks reinsured with the reinsurer under non-cancellable accident and sickness contracts;

(c) "C" is the member's additional policy reserves with respect to the risks reinsured with the reinsurer, which equals the sum of:

(i) the product of 0.105 and the reinsurer's original premium for every surety contract;

- (ii) the product of 0.3 and the reinsurer's original premium for every fidelity contract; and
- (iii) the reinsurer's reinsurance premium less the reinsurer's commission for every current nuclear contract;
- (d) "D" is the amount of the reserve for claims that the member is entitled to recover but has not recovered from the reinsurer;
- (e) "E" is the amount payable to the member by the reinsurer;
- (f) "F" is the amount payable to the reinsurer by the member; and
- (g) "G" is, subject to subsection (3), the value of all security including cash given to the member by the reinsurer;

and if a member has reinsured any risk pursuant to contracts of insurance written by it with a reinsurer that is not licensed in Saskatchewan, the amount used in the calculation under subsection (1) is the sum of the amounts that are greater than zero, calculated separately for each such reinsurer, using the formula:

$$\text{amount} = (A + B + C + D + E) - (F + G).$$

(3) For the purpose of calculating "G" in subsection (2), if a reinsurer has given one or more letters of credit to a member as security, the amount by which the total value of the letters of credit exceeds the product of:

- (a) 0.15 and
- (b) the sum of "A" and "D" as calculated pursuant to that subsection;

is not to be included as part of the value of all security.

4 May 90 cS-26 Reg 5 s15.

Alternate margin factor

16(1) In this section:

- (a) "**claims ratio**", in relation to contracts issued by a member, means the ratio of the claims incurred under the contracts during a given period to the premiums earned under the contracts during that period;
 - (b) "**expected claims ratio**" means a claims ratio that the member reasonably expects for the period of the unexpired terms of the contracts to which it applies.
- (2) If a member's expected claims ratio is less than 0.95, the member may select a claims ratio that is greater than or equal to the greater of:
- (a) the expected claims ratio; and
 - (b) the actual claims ratio for the 12 months immediately preceding the calculation date.

(3) The alternate margin factor is equal to the sum of:

- (a) 0.20; and
- (b) the claims ratio selected by the member under subsection (2);

less 1.00.

(4) For the purposes of clause 14(2)(e) and subparagraph 14(2)(f)(i)(A)(II), where the applicable alternate margin factor is less than zero, it is deemed to be zero.

4 May 90 cS-26 Reg 5 s16.

Reinsurance

17(1) In this section:

- (a) **“reinsurer”**, in relation to a member, means an insurer that insures all or part of the liabilities of the member under contracts issued by the member;
- (b) **“reinsured claims”** means the total amount of claims, excluding claims under accident and sickness contracts, that:
 - (i) were incurred by the member during the 12 months preceding the calculation date; and
 - (ii) the member has recovered or is entitled to recover from reinsurers;
- (c) **“total claims”** means the total amount of claims, excluding claims under accident and sickness contracts, incurred by the member during the period mentioned in clause (b).

(2) In this section, a member’s reinsurance ratio is the ratio of reinsured claims to total claims.

(3) For the purpose of calculating the aggregate amount pursuant to section 14, if a member has reinsured any risk under contracts of insurance issued by it:

- (a) subject to subsection (4), the amounts determined pursuant to clauses 14(2)(a) to (e) and subclause 14(2)(f)(i) may be reduced by the amount attributable to the risk transferred to reinsurers in each instance; and
- (b) the amounts determined pursuant to subclauses 14(2)(f)(ii) and (iii) may be reduced:
 - (i) for a member whose licence restricts it to undertaking reinsurance, by an amount that does not exceed the product of the amount determined pursuant to the subclause and the reinsurance ratio; and
 - (ii) if subclause (i) does not apply, by an amount that does not exceed the product of the amount determined pursuant to the subclause and the lesser of:
 - (A) 0.5; and
 - (B) the reinsurance ratio.

(4) For the purposes of clause (3)(a), the amount attributable to the risk transferred by the insurer to reinsurers that are not licensed pursuant to:

- (a) the Act;
- (b) the *Canadian and British Insurance Companies Act* (Canada), as amended from time to time; or
- (c) the *Foreign Insurance Companies Act* (Canada), as amended from time to time;

is deemed to be the amount of the security respecting the transferred risk, if any, that has been given to the insurer by the reinsurers and is kept in Canada.

4 May 90 cS-26 Reg 5 s17.

Calculations

18 Except where otherwise permitted pursuant to this Part, calculations required to be made pursuant to this Part are to be made in accordance with generally accepted accounting principles used in Canada.

4 May 90 cS-26 Reg 5 s18.

PART III Life and Health Insurance Compensation Plan

Interpretation of Part

19 In this Part:

- (a) **“compensation levy”** means a levy assessed on members pursuant to the provisions of the memorandum of operation;
- (b) **“designated compensation association”** means the corporation designated as a compensation association pursuant to section 20;
- (d) **“member”** means every insurer who is or is required to be a member of the designated compensation association;
- (e) **“memorandum of operation”** means a memorandum enacted by resolution of the board of directors or provisional board of directors of the designated compensation association setting forth the detailed rules and procedures that are to be followed by the designated compensation association in making voluntary payments to policy holders and other claimants with respect to claims under insurance policies which are unpaid by reason of a member becoming an insolvent insurer.

4 May 90 cS-26 Reg 5 s19.

Compensation association

20 The Canadian Life and Health Insurance Compensation Corporation is designated as a compensation association for the purposes of the Act and this Part.

4 May 90 cS-26 Reg 5 s20.

Members of association

21 The classes of insurers comprised of those insurers who:

- (a) are eligible for membership in the designated compensation association;
and
- (b) enter into, or have entered into, a contract or policy of:
 - (i) accident insurance
 - (ii) life insurance; or
 - (iii) sickness insurance;

are designated as classes of insurers who are required to be members of the designated compensation association.

13 Jly 90 SR 49/90 s2.

Compliance

22 Every member of the designated compensation association shall:

- (a) comply with the bylaw and any memorandum of operation of; and
- (b) pay any fee or compensation levy imposed by;

the designated compensation association.

(2) The superintendent may suspend or cancel the licence of any member who fails to comply with the requirements imposed pursuant to subsection (1).

4 May 90 cS-26 Reg 5 s22.

Authorization to collect fees and levies

23 The designated compensation association may collect from any member only those fees or levies, the imposition of which the member has been given prior notice of by the designated compensation association.

4 May 90 cS-26 Reg 5 s23.

PART IV
Repeal and Coming into Force

R.R.S. c.S-26 Reg 4 repealed

24 *The Saskatchewan Insurance Compensation Plan Regulations* are repealed.

4 May 90 cS-26 Reg 5 s24.

Appendix
[Section 12]

Calculation of the Investment Valuation Reserve

1 In the Tables to this Appendix:

- (a) **“long-term,”** in relation to a debt security, means maturing within a period of five years or longer;
- (b) **“mortgage loans”** include hypothecs, charges and agreements of sale;
- (c) **“real estate”** includes leaseholds;
- (d) **“short-term,”** in relation to a debt security, means maturing within a period of less than five years.

4 May 90 cS-26 Reg 5.

2(1) For the purposes of calculating an insurer’s investment valuation reserve, an insurer must complete Tables 1 and 2 to this Appendix.

(2) An insurer’s investment valuation reserve is the amount set out as Item 11 in Column 2 of Table 2 to this Appendix.

4 May 90 cS-26 Reg 5.

3(1) The amount to be entered for an item in Column 4 of Table 1 to this Appendix is calculated by subtracting the book value set out in Column 2 from the market value set out in Column 3; and

- (a) if that number is positive, entering it in Column 4; or
- (b) if that number is not positive, entering zero in Column 4.

(2) The amount to be entered for an item in Column 5 of Table 1 to this Appendix is calculated by subtracting the market value in Column 3 from the book value in Column 2; and

- (a) if that number is positive, entering it in Column 5; or
- (b) if that number is not positive, entering zero in Column 5.

4 May 90 cS-26 Reg 5.

SASKATCHEWAN INSURANCE
COMPENSATION PLAN

TABLE 1

Item	Column 1	Column 2	Column 3	Column 4	Column 5
	Category of Assets	Book Value (\$000s)	Market Value (\$000s)	Market Excess (\$000s)	Market Deficiency (\$000s)
	<i>Debt Securities</i>				
1	Short-term bonds, debentures and other evidences of indebtedness			A	
2	Short-term mortgage loans				D
3	Long-term bonds, debentures and other evidences of indebtedness				
4	Long-term mortgage loans				
5	Total debt securities				
	<i>Equity Assets</i>				
6	Preferred and common shares			B	E
	<i>Real Estate</i>				
7	Real estate				
8	Total debt securities, equity assets and real estate				F
9	Total long-term bonds, debentures and other evidences of indebtedness, long-term mortgage loans and real estate				G
10	Total debt securities and real estate			C	
11	Total long-term bonds, debentures and other evidences of indebtedness, long-term mortgage loans, equity assets and real estate				H

TABLE 2

Item	Column 1 Description of Calculation	Column 2 Amount (\$000s)
	<i>Debt Securities</i>	
1	Net deficiency for reserve purposes for long-term debt securities and real estate, equal to G minus B, from Table 1 if that amount is positive; zero, if it is negative	I _____
	<i>Equity Assets</i>	
2	Net deficiency for equity assets, equal to E minus C, from Table 1, if that amount is positive; zero, if it is negative	J _____
3	The amount of J for the preceding year	K _____
4	The two-year average of the net deficiencies for equity assets, which equals 0.5 times the sum of J and K	L _____
5	Net deficiency for reserve purposes for equity assets, equal to the lesser of J or L	M _____
	<i>Mortgage Loans</i>	
6	Market deficiency for short-term mortgage loans, equal to D, from Table 1, if the book value of the total mortgage loans exceeds 20% of the book value of the assets as determined under subsection 13(2) of the Schedule; if it does not, the amount is equal to zero	N _____
7	The amount equal to D minus A, from Table 1, if that amount is positive and if the book value of the total mortgage loans exceeds 20% of the book value of the assets as determined pursuant to subsection 13(2) of the Schedule; if they do not, the amount is equal to zero	P _____
	<i>Investment Valuation Reserve</i>	
8	The sum of I, M and N	Q _____
9	The amount of F from Table 1	R _____
10	The sum of H and P	S _____
11	The amount of the Investment Valuation Reserve, equal to the least of Q, R and S	_____

