



August 7, 2019  
File No.: 78000-01  
Ref. No.: 1137

**To: All British Columbia (BC) Authorized Non-Federally Regulated Mortgage Insurers**

**Re: Adoption of the Mortgage Insurer Capital Adequacy Test Guideline**

This is to inform BC authorized non-federally regulated mortgage insurers that the Financial Institutions Commission has adopted the Mortgage Insurance Capital Adequacy Test Guideline (MICAT), issued in August 2018 by the federal Office of the Superintendent of Financial Institutions (OSFI). The Guideline will come into effect January 1, 2019.

The MICAT combines the January 1, 2017 advisory [Capital Requirements for Federally Regulated Mortgage Insurers](#) (Advisory) and the relevant portions of the 2018 [Minimum Capital Test for Federally Regulated Property and Casualty Insurance Companies Guideline](#) (MCT Guideline) into a single document. The MICAT also introduces credit risk capital charges resulting from the implementation of [International Financial Reporting Standards \(IFRS\) 16 – Leases](#) in 2019 and includes updated credit risk factors for securitized assets that were part of the 2004 [Guideline B-5 – Asset Securitization](#).

Upon coming into effect on January 1, 2019, the MICAT will replace the Advisory and the MCT Guideline as the framework for assessing the capital adequacy of mortgage insurance companies. As the MICAT mainly consolidates existing guidance it is not expected to have a material impact on the regulatory capital for mortgage insurers.

Property and casualty insurance companies that are not mortgage insurers will continue to determine their regulatory capital requirements using the MCT Guideline.

A link to the MICAT can be found [here](#).

Should you have any questions, please contact FICOM's Policy department via email at [feedback@ficombc.ca](mailto:feedback@ficombc.ca).

Yours truly,

Rob O'Brien  
Managing Director, Policy

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