

Re: Review: Valuation Allowance

From: "Petsche, Nadine (TBS)" <nadine.petsche@ontario.ca>
To: "Veinot, Cindy (TBS)" <cindy.veinot@ontario.ca>
Date: Fri, 23 Sep 2016 04:30:20 -0400

Cindy,

If it's agreed that we might want to include additional disclosure of the impacts under the AG's approach, perhaps the stated reason for sharing the analysis with the AG is to validate the numbers for supplementary disclosure that the Province would be planning to include in our notes (for transparency). Adding the disclosure would also make it easier (I think) to sign off on the MLR unless the legislative accounting option is back on the table.. if folks really just want to avoid a battle in the media where the AG looks right, then they should reintroduce the legislated accounting option and take the qualified opinion (which I still think is a false threat). N

From: Veinot, Cindy (TBS)
Sent: Thursday, September 22, 2016 7:22 PM
To: Fong, Pauline (TBS)
Cc: Petsche, Nadine (TBS)
Subject: FW: Review: Valuation Allowance

Pauline – I'd like to send the first tab to the auditor to ensure they understand the impact of the downturns in the market. I don't want to send this entire workbook before checking with you. Do they already have the rest of this?

Thanks,

From: Fong, Pauline (TBS)
Sent: September-21-16 4:37 PM
To: Raymond, Martin (CA - Montreal) (maraymond@deloitte.ca)
Cc: Veinot, Cindy (TBS); Patel, Bharat (TBS)
Subject: FW: Review: Valuation Allowance

Thank you.

From: Raymond, Martin (CA - Montreal) [<mailto:maraymond@deloitte.ca>]
Sent: September-21-16 4:10 PM
To: Fong, Pauline (TBS)
Cc: Veinot, Cindy (TBS); Patel, Bharat (TBS); Colley, Matthew (CA - Toronto); Danyluk, Kerry (CA - Toronto)
Subject: RE: Review: Valuation Allowance

Pauline

I did look into your file and seems reasonable vs the previous illustrations that we have exchanged, just one adjustment
You will see in liability sheet I have a line 29 adjustment for other unamortized (this is the transitional asset amortization that goes back to the initial application which is to be included in the test of unamortized losses) this likely affects your 2002 / 2003 valuation allowance.

Also to note is the flaw of the PS3250 that I have highlighted in previous communication :

- In 2008 we did have very bad asset returns and this creates a significant income through reduction of valuation allowance
- In opposite, the years 2010 and 2011 had good returns but you have significant expense through increase of valuation allowance

Martin Raymond, FSA, FCIA

Partner – Audit – Actuarial services

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De : Fong, Pauline (TBS) [<mailto:Pauline.Fong@ontario.ca>]

Envoyé : 21 septembre 2016 10:36

À : Raymond, Martin (CA - Montreal) <maraymond@deloitte.ca>

Cc : Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Patel, Bharat (TBS) <Bharat.Patel3@ontario.ca>

Objet : Review: Valuation Allowance

Hi Martin,

I mocked up the annual valuation allowance based on our discussion yesterday. We went through it with Cindy this morning and she would like you to take a look at the mock-up to confirm that it is consistent to your understanding. In particular bringing the unamortized gain/loss from market related values to market values. Thank you in advance.

Regards,

Pauline Fong , CPA, CA

Senior Analyst, External Reporting

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