

## **GH 201-C – Valuation and Regulation, Canada**

**Nov 2025/Mar 2026/Jul 2026**

This Course Strategy Guide provides an overview of GH 201U – Valuation and Regulation (Canada). It is intended to help the candidate understand the objectives of this course and to provide a guide for how to prepare for the course assessment. Please note that while this Guide can be a valuable aid in preparation, the material in this will not be tested.

### **I. Purpose of this Course**

The Group and Health (GH) practice area covers both group benefits and health-related benefits. The products include group and individual medical, dental, vision, prescription drug, retiree health, group life, group disability income, group LTD, LTC, and critical illness.

There can be significant overlap with other practice areas and candidates should be mindful of the variety of types of benefits that group and health actuaries may encounter in their careers.

This course, GH 201, focuses on the valuation of insurance liabilities. This includes reserving for both claim and non-claim liabilities and understanding of financial reporting concepts. The course also covers nation-specific regulations and government programs that impact the design and management of group and health contracts. Specifically, this is the United States version of the course, GH 201C.

The course immediately preceding this one, GH 101 – Benefits and Pricing, focuses on the design of common types of insurance contracts, the rating of those contracts, underwriting and funding risks, and the overall structure of employee benefit plans. The course focuses on short duration contracts since the majority of group and health actuaries focus primarily on short duration contracts. Although material from GH 101 will not be tested on this assessment, familiarity with the concepts described in GH 101 will likely benefit the candidate here.

A third course, GH 301 – Health Analytics and Management, addresses topics that group and health actuaries frequently encounter in more depth. These topics include the development and management of provider networks and reimbursement structures, techniques for disease management, and the application of healthcare risk adjustment models. The course also introduces medical terminology, analytic use of medical data, and predictive analytics for healthcare actuaries. These last two topics are presented in a module format in which the student will be guided through the material in an on-line platform.

A fourth course, CP 321 – Disability, Long-Term Care, and Long-Duration Health Contracts, covers long-duration contracts including long-term care, disability income, retiree medical, and certain supplemental medical coverages. It is labeled “CP” because it has applications to not

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only group and health actuaries, but to life, pension, and other actuaries. The course emphasizes unique techniques involved in pricing and valuation of these products.

## **II. Recommended Approach in Preparing for the Course Assessment**

The recommended study approach is to first read the complete Course Strategy Guide. Then read the descriptions of the Learning Objectives and the Learning Outcomes to get an overview of what you are expected to learn as you work through the syllabus. Then watch the videos from the links in the syllabus under Topic 1. Finally, read the syllabus study materials in the order described in this document.

The preferred study style will vary for each candidate; but it will be helpful to read through the whole syllabus (and perhaps take notes) prior to focusing on summarizations of the material and prior to working practice problems. The topics are related and observing the broader perspective will help you understand the material as a whole and help you spot connections between the syllabus items. **Yellow** highlighting in this Guide indicates items where candidates should spend more time after the initial read-through of the course material to ensure they master the key concepts and calculations presented in these items.

## **III. Exam Syllabus Learning Objectives and Learning Outcomes**

This course builds on the material learned in GH 101; although the GH 101 material will not be directly assessed here, this course does assume familiarity with concepts and terms learned there. This course seeks to provide candidates with a solid understanding of the valuation and financial reporting standards that apply in the United States. It further reviews the framework of regulation of short duration group and health insurance contracts in the United States, government programs that interact with these insurance contracts, and the flow of funds in the US and Canadian healthcare systems. The flow of funds section includes a comparison to the U.S. to provide one example of how healthcare is structured and financed outside Canada.

Five topics are covered in this course:

1. Reserving
2. Financial Statements
3. Regulation
4. Government Programs
5. Flow of Funds

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Details of the learning objectives, learning outcomes, and study materials associated with the learning outcomes are provided in the course syllabus. The syllabus also notes the learning outcomes supported by each reading. You should focus on the learning outcomes as you review each topic. In addition, this Guide provides additional context on the purpose and interrelationships of the readings. The topic titles in the syllabus indicate the approximate portion of exam points selected from each topic.

#### **Topic 1 - Reserving: The candidate will understand how to apply valuation principles for short duration group and health insurance contracts.**

Valuation of insurance liabilities is a key actuarial competency. This section of the syllabus reviews techniques that may be used to develop estimates of insurance liabilities for short-duration contracts. Given the uncertain nature of insurance liabilities (until significant time has passed since those liabilities are incurred), actuaries need to be mindful of the purpose of the work being conducted, changes that may impact how liabilities complete over time and need to be considered in developing actuarial estimates, appropriate levels of conservatism (implicit and explicit) to incorporate in assumptions, and how to communicate key assumptions and results.

First Read,

- *Group Insurance*, Skwire, Daniel D., 8<sup>th</sup> Edition, 2021
  - Ch. 39: Claim Reserves for Short-Term Benefits

This chapter provides a good overview of the basics of short-term claim reserves. It is necessary to understand the considerations when establishing these reserves and when each reserving technique is preferred, which is the focus of this chapter.

Second Read,

- GH201-100-25: Health Reserves

There is some overlap between this study note and the *Group Insurance* chapter but the study note provides greater detail on reserving methods and non-IBNR reserves. The study note also provides detail on premium and non-claim reserves. There is some math in the note illustrating the reserve methods and you should be able to learn it as you read through the material.

Third read,

- CIA Educational Note – Valuation of Group Life and Health Policy Liabilities, June 2010, Sections 5, 8-10, Appendices B, C, D

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This Educational Note discusses the considerations for selecting liability cash flow assumptions for group life and health products with specific considerations for certain coverages and financial arrangements.

Fourth read,

- Canadian Institute of Actuaries Standards of Practice – Insurance, Jun 2024, Sections 1400, 1510, 1700, 2100, 2200, and 2300

These sections of the CIA Standards of Practice provide detailed guidance on how to calculate these reserves accurately, considering various factors. Part 1000 of the CIA Standards of Practice applies to work within the scope of Part 2000. Data quality and actuarial communications are discussed in Part 1000. Sections 2100, 2200 and 2300 apply to the valuation of insurance contracts and other obligations in accordance with IFRS 17.

**Topic 2-Financial Statements – The candidate will understand how to prepare and interpret insurance company financial statements in accordance with IFRS.**

Topic 2 on financial statements is closely tied to the reserving topic. The primary reason actuaries develop estimates of insurance liabilities (or reserve estimates) is for incorporation into the insurer's financial statements. There are varying considerations and guidance on how to develop these estimates depending on the purpose of the financial statements. In general, statutory statements are used by regulators to ensure insurer solvency and that policyholder claims will be paid as promised. Statements prepared under US GAAP or IFRS, by comparison, are typically used for disclosure to investors and creditors, and are intended to present a fair picture of the emergence of company earnings over time.

Actuaries also develop projections for company management. These estimates may deviate from public guidance and may be conducted more frequently to inform internal decisions.

The goals of this section are for the candidate to understand how to interpret financial statements, understand key differences depending on the audience, and apply this knowledge to business cases – which may include inferences around potential stakeholder actions and concerns.

First Read,

- *Group Insurance*, Skwire, Daniel D., 8<sup>th</sup> Edition, 2021
  - Ch. 37: Group Insurance Financial Reporting in Canada

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This chapter provides an overview of actuarial aspects of group insurance financial reporting in Canada. It also introduces topics like IFRS 17, LICAT, ORSA, FCT, Assuris and Taxation that will be covered in more detail in other study notes.

Second Read,

- GH201-693-25: OSFI Guidelines for Life Insurance Capital Adequacy Test (LICAT) – Introductions to Ch. 1, 2, 6, 11

This reading focuses on LICAT, which measures the capital adequacy of an insurer. Using a risk-based approach for measuring specific life insurer risks and for aggregating the results to calculate the amount of a life insurer's regulatory required capital to support these risks, the LICAT is one of several indicators used by OSFI to assess an insurer's financial condition.

Third read,

- CIA Educational Note – Financial Condition Testing, Jan 2023, pp. 1-45

This reading focuses on Financial Condition Testing (FCT). The FCT process allows management to understand implications the business plan has on capital and provides awareness of the significant risks to which the insurer is exposed. The principal goals of FCT are to identify possible threats to the financial condition of the insurer and appropriate risk management or corrective management actions to address those threats, while considering the ORSA, conclusions, and recommendations.

Fourth read,

- CIA Educational Note – Sources of Earnings Calculations – Group Life and Health, Oct 2010

This reading focuses on Source of Earnings (SOE), a way to decompose the overall profit or loss of a group insurance product into various elements, allowing insurers, actuaries, and stakeholders to understand where the earnings are coming from and how different factors are impacting the financial results.

Note: This note has been designated by the CIA as "Archived" but it is the current version candidates should study.

Fifth read in order,

- Comparison of IFRS 17 to Current CIA Standards of Practice, Jun 2022 (excluding Sections 3.3, 7.2.1, 7.2.2, 7.2.3, 7.2.5, 8.1.1)
- CIA Educational Note – IFRS 17 Coverage Units for Life and Health Insurance Contracts, Dec 2022, excluding Sections 3.1.2, 3.1.3, 3.2, 3.4

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- CIA Explanatory Report – IFRS 17 Expenses, Jun 2022

This set of readings are related to IFRS 17, which is the new standard for valuing insurance contracts in Canada that became effective on January 1, 2023. IFRS 17 establishes principles for the recognition, measurement, presentation, and disclosure of insurance contracts within the scope of the standard.

Sixth read,

- IFRS 17 Insurance Contract Examples

This document is an Excel model demonstrating how the basics of IFRS 17 are applied to a simple Canadian insurance product (renewable Term 10 product) using the General Measurement Model (GMM) approach. Candidates should be prepared to replicate the mechanics of IFRS 17 using this spreadsheet in an assessment setting.

Seventh read,

- *Group Insurance*, Skwire, Daniel D., 8<sup>th</sup> Edition, 2021
  - Ch. 43: Analysis of Financial and Operational Performance

This chapter discusses the evaluation of financial and operational performance of health plans through analysis of their annual financial statements using ratios and performance metrics. The emphasis is on the data provided and nuances in completing a financial statement.

Finally read,

- GH201-101-25: Group and Health Reinsurance – A Primer for Actuaries

This reading focuses on group reinsurance. Reinsurance provides a safety net by covering a portion of high-severity claims, ensuring the insurer remains solvent over time. With reinsurance, an insurer can stabilize its financial results over time, leading to more predictable earnings and the ability to write more business without the need to hold disproportionately high levels of capital.

### **Topic 3- Regulation – The candidate will understand how to evaluate the impact of regulation on insurance companies and plan sponsors in Canada.**

Insurance is a heavily regulated industry, in large part because of the timing and uncertainty of insurance liabilities. No regulator wants an insurer to offer aggressive prices to subsequently become insolvent and default on its insurance liabilities. There also are many social concerns and limitations imposed on health insurance. Further, the tax laws around employee benefits can be complex and have a material impact on the cost efficiency of the benefits provided to employees. This section provides an overview of insurance regulation in Canada, the taxation of

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insurance and employee benefits, and key legal precedents that may impact actuaries practicing in Canada.

First read in order,

- *Canadian Insurance Taxation*, Swales, et al., 4<sup>th</sup> Edition, 2015
  - Ch. 4: Income for Tax Purposes – General Rules (p. 37-38, 43-47)
  - Ch. 9: Investment Income Tax (p. 135-142)

These chapters focus on how a life and health insurer is taxed in Canada. Chapter 4 examines the inclusions and deductions that are permitted under the special tax provisions that apply to life insurers. Chapter 5 explains how to calculate a life insurer's investment income tax liability for life insurance companies.

Second read in order,

- GH201-644-25: TACCESS: An Advisor's Guide to Understanding How Taxes Impact Group Insurance Benefits in Canada
- Ch. 12 from GH201-700-25: Ch. 12 (Sections 12.1-12.4) and 13 of *Canadian Handbook of Flexible Benefits*, McKay, Robert J., 3<sup>rd</sup> Edition

These readings provide detailed information on provincial taxes affecting group insurance and how employees are taxed on group benefits provided by their employers.

Third read,

- GH201-661-25: Employee Life and Health Trusts & Health and Welfare Trusts

This reading presents the key differences between Employee Life and Health Trusts (ELHTs) and Health and Welfare Trusts (HWTs), which are vehicles used by employers and benefit plan administrators to provide employee benefits.

Fourth read in order,

- GH201-637-25: Ch. 16 and 17 of *Canadian Life & Health Insurance Law*, Jones, H. E.
- GH201-722-25: Navigating Group Insurance Laws in Quebec
- Ch. 13 from GH201-700-25: Ch. 12 (Sections 12.1-12.4) and 13 of *Canadian Handbook of Flexible Benefits*, McKay, Robert J., 3<sup>rd</sup> Edition

This set of readings discusses the legal aspects surrounding group insurance plans in Canada.

Fifth read,

- GH201-631-25: Canadian Life & Health Insurance Association: The Protection of Personal Information: Some Questions and Answers, pp. 1-37

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This reading outlines guidelines and best practices for handling and protecting personal information related to group benefit plans. The key focus is ensuring that personal data, such as medical information and claim details, are managed securely and in compliance with privacy laws and regulations.

Sixth read in order,

- GH201-621-25: Canadian Life and Health Insurance Association: Guideline G3, Group Life and Health Insurance
- GH201-671-25: CHLIA Guideline G4 – Coordination of Benefits
- GH201-672-25: CHLIA Guideline G17 – Coordination of Benefits for Out-of-Country/Out-of-Province/Territory Medical Expenses

This set of readings focuses on the Canadian Life and Health Insurance Association (CLHIA) guidelines. They provide a framework for the life and health insurance industry in Canada to ensure that insurance products are designed, administered, and regulated consistently and fairly.

Seventh read in order,

- GH201-647-25: Protecting Canadians' Long Term Disability Benefits
- GH201-660-25: Self-Funded Disability Plans: Time Running Out on Federally Regulated Employers
- GH201-659-25: Ontario 2014 Budget Will Forbid Employers from Self-Insuring Long Term Disability Plan to Employees

This set of readings focuses on regulation affecting long-term disability (LTD) plans and explains the importance of insuring LTD plans, instead of using self-insurance.

Eighth read in any order,

- GH201-662-25: Firefighter Who Died of Cancer was Killed in the Line of Duty, Court Says
- GH201-663-25: West Nile Victim Wins \$130,000 Insurance Payout
- GH201-685-25: Campagnie D'Assurances Standard Life v. Tremblay 2010 – QCCA 933: A Hefty Price to Pay for Unwarranted Surveillance
- GH201-709-25: Brooks v. Canada Safeway Ltd., p. 1219-1227 (up to Section II)
- GH201-710-25: Termination of Benefits Coverage at Age 65 Declared Unconstitutional

This set of readings presents the major case law related to group benefits. The cases listed above each involve important issues related to insurance coverage, discrimination, and the legal obligations of insurers.



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Ninth read,

- GH201-713-25: How Will the Potential Work-from-Anywhere Boom Post-Pandemic Impact Benefit Plans?

This reading explores how the rise of remote work following the pandemic could affect benefit plans by necessitating adjustments for new risks, employee needs, and geographic coverage variations.

Tenth read,

- GH201-714-25: How Employers are Integrating DEI into their Benefits Plans

This reading discusses how employers are incorporating Diversity, Equity, and Inclusion (DEI) principles into their benefits plans, focusing on strategies and practices to create more inclusive and equitable benefit offerings for a diverse workforce.

Eleventh read,

- GH201-705-25: Assuris for Group Insurance in Canada

This reading focus on Assuris, an essential component of the Canadian insurance landscape, offering critical protection against the financial failure of life and health insurance companies. This document explains how the amount guaranteed is determined in case of insurer insolvency for each group benefit.

Finally read,

- GH201-648-25: Canadian Life and Health Insurance Industry Agreement to Protect Canadians' Drug Coverage

This reading discusses the Canadian Drug Insurance Pooling Corporation (CDIPC), a mechanism where insurers collectively share the financial risk associated with high-cost prescription drug claims. By pooling high-cost drug claims, the CDIPC helps stabilize premiums for drug insurance plans, making drug coverage more affordable and predictable for plan sponsors.

#### **Topic 4- Government Programs – The candidate will understand how to describe and evaluate government programs providing health and disability benefits in Canada.**

Canada is known for its strong system of social programs, offering a high level of social protection compared to many other countries. Canada's social programs offer a strong safety net, especially in areas like universal healthcare, income support, and retirement benefits. Understanding government programs is essential for actuaries working in group benefits in Canada. Actuaries must ensure that employer group plans complement, rather than duplicate, government benefits. They need this knowledge to design compliant plans that meet legal

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requirements and integrate with government programs. Staying informed about changes to government programs is crucial, as these changes can impact the financial sustainability of private plans, allowing actuaries to adjust plan designs and funding strategies proactively.

First read in order,

- Morneau Shepell Handbook of Canadian Pension Benefit Plans, 17<sup>th</sup> Edition, 2020
  - Ch. 19: Employment Insurance
- GH201-716-25: Legislative Changes to EI Sickness Benefits

These readings provide an overview of Canada's Employment Insurance (EI) program, which offers temporary income replacement for individuals facing employment interruptions due to various reasons like unemployment, sickness, maternity, parental leave, and caring for seriously ill family members.

Second read in order,

- Morneau Shepell Handbook of Canadian Pension Benefit Plans, 17<sup>th</sup> Edition, 2020
  - Ch. 2: Government Pension Programs (p. 44-64, Canada & Quebec Pension Plans)
  - Ch. 18: Workers' Compensation

These readings describe two other main social programs in Canada that provide some level of benefits (disability, life and health) and that interact with private group insurance plans.

Third read in order,

- Morneau Shepell Handbook of Canadian Pension Benefit Plans, 17<sup>th</sup> Edition, 2020
  - Ch. 17: Provincial Hospital and Medical Insurance Plans
- GH201-694-25: Guide to Canada Benefits Legislation, 2018, Sections 7.1, 7.2, 7.2.1, 7.2.5, 7.2.6
- GH201-702-25: OHIP+ Pharmacy Redesign Update – FAQs for Patients

This set of readings provides an overview of Canada's healthcare system, focusing on provincial and federal roles. It also presents the main feature of the Medical Services Plan of British Columbia, the Ontario Health Insurance Plan (OHIP) and the Régie de l'Assurance Maladie du Québec (RAMQ) plan.

Fourth read,

- GH201-721-25: The Quebec Act Respecting Prescription Drug Insurance (ARPD)

This reading analyzes Quebec's prescription drug insurance legislation and its impact on private group insurance plans. It also covers the Quebec Drug Insurance Pooling Corporation (QDIPC).

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Fifth read in order,

- GH201-651-25: The High-Stakes Battle of Medications, Insurers and The Government
- GH201-718-25: An Update on Canada's National Strategy for Drugs for Rare Diseases
- GH201-696-25: Ensuring the Accessibility, Affordability and Sustainability of Prescription Drugs in Canada (Introduction and Exec Summary)
- GH201-653-25: Telus Health Note: How Much Does that Drug Cost?
- GH201-706-25: PMPRB-Framework Modernization

This set of readings collectively addresses the pressing issues of drug pricing, accessibility, and policy reform in Canada, emphasizing the importance of cooperation among pharmaceutical companies, insurers, and government regulators to maintain a fair and sustainable healthcare system. They examine the intricate relationship between drug costs, coverage policies, and cost-containment strategies, with a particular focus on high-cost drugs like biologics and treatments for rare diseases, which can dramatically increase the costs for group benefits plans.

Sixth read,

- Pharmacare: Is There a Pill for That?, CIA, Feb 2021

This document advocates for a national pharmacare program in Canada. Instead of replacing the current system, it proposes a combined approach involving federal, provincial/territorial, and private insurance efforts.

Seventh read in order,

- GH201-695-25: A Joint Statement from the pan-Canadian Pharmaceutical Alliance and the Canadian Generic Pharmaceutical Association
- GH201-715-25: Ontario's New Drug Plan Will Require a Swap of Brand-Name Biologic Medications for Cheaper Versions
- Biosimilars in Canada: Building Momentum in the Wake of Recent Switching Policies, Nov 2021

This set of readings highlights the critical role of covering generic drugs and biosimilars in managing healthcare costs. In Canada, many provincial government drug plans prioritize covering generics and biosimilars to reduce public healthcare expenses. Employers, aiming to provide comprehensive benefits while controlling costs, can benefit from incorporating these options into group insurance plans.

Finally read in order,

- GH201-719-25: Canada's New Dental Care Plan Could Impact Nearly 9 Million Canadians – Are You One of Them?

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- GH201-720-25: Seniors Spend Thousands on Dental Work, Suffer in Pain or Wind Up in ERs. Will Canada's Plan Help?

This last set of readings discusses the new Canada Federal Dental Care Plan, a recent Federal government initiative to provide affordable dental care to uninsured Canadians with low to moderate incomes. While this is a relatively young social program, the new Canada Federal Dental Care Plan could eventually have potential impacts on group benefit plans offered by employers.

#### **Topic 5- Flow of Funds – The candidate will understand how to describe the flow of funds in the health care system and the role of providers in the system.**

This topic focuses on health economics and the flow of funds through the healthcare system including the roles of medical care providers and hospitals. The study note, GH201-102-25: "Flow of Funds in Healthcare System and the Role of Providers", begins by focusing on health economics in the United States followed by the Canadian healthcare system. The material in the "Flow of Funds" study note is supplemented by selected material from *GH201-103-25: Health Economics and Financing, sixth edition by Thomas Getzen and CIA/SOA joint report on the Sustainability of the Canadian Health Care System and Impact of the 2014 Revision to the Canada Health Transfer*. It is intended that the material be studied in an integrated manner rather than as three independent sources. The "Flow of Funds" study note will direct you when to read specific sections of the supplemental sources.

## **IV. Guidance for Assessment**

In general, questions on the course assessment will consider a scenario or project that health actuaries may encounter. The questions will have multiple parts; it is common for early parts to be relatively straight-forward and help develop the context for latter parts. Latter parts of questions frequently require the candidate to perform an analysis or make a recommendation given a particular business context. Note that a solution to a problem presented within the study materials is appropriate for the context used within those study materials but may not be appropriate for the context of the assessment. Since the assessment is focused on the demonstration of critical thinking, the candidate must learn how to take the learnings from one situation and apply them to a different situation. Candidates are expected to apply the techniques and insights that they learn from the syllabus study materials to new real-world problems. The candidate uses the study material as a tool to gain insights about the learning objectives and learning outcomes. These insights are expressed in a solution to tasks that require the demonstration of critical thinking.

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The supplemental materials for this course include guided examples and past exam problems that have examined similar topics. The candidate is wise to review these questions and treat them as examples of the types of questions that will appear on the course assessment.

It also is important to note that in practice, actuarial problems typically have a level of uncertainty. As such, there may not be a single correct answer to the questions posed by the assessment. In these cases, the work and assumptions that candidates provide to illustrate their reasoning is at least as important as the final answer or recommendation provided to the question.