

Regulatory Statement

Amending a Business Authorization for British Columbia Incorporated Insurance Companies and Extraprovincial Insurance Corporations

Regulatory Statement Number	INS-18-003
Legislation:	<i>Financial Institutions Act</i>
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Distribution:	Insurance Companies and Extraprovincial Insurance Corporations Authorized in British Columbia

PURPOSE

This Regulatory Statement (“Statement”) describes the process and requirements to amend a business authorization of British Columbia (“BC”) incorporated insurance companies and extraprovincial insurance corporations carrying on business in BC.

BACKGROUND INFORMATION

The BC Financial Services Authority (“BCFSA”) administers provincial statutes which outline the licensing and regulatory framework of insurance companies and extraprovincial insurance corporations operating in BC. Changes in business authorizations require statutory approval; statutory approvals are governed by the *Financial Institutions Act* (“FIA”) and its regulations.

BCFSA’s mandate is to safeguard confidence and stability in BC’s financial sector by protecting consumers from undue loss and unfair market conduct. BCFSA fulfills its mandate by making regulatory decisions on business transactions as required by the governing provincial statutes.

LEGISLATION

The definitions of an insurance company and an extraprovincial insurance corporation are contained in [Section 1](#) of the FIA. Changes to business authorizations for insurance companies and extraprovincial insurance corporations are governed by [Section 61](#) and [Section 160](#) of the FIA, respectively.

REQUIREMENTS

An insurance company or an extraprovincial insurance corporation (“the applicant”) seeking to amend its business authorization in BC must submit the harmonized Application Form for New Insurers and License Amendments, available at the Canadian Council of Insurance Regulators (“CCIR”) website¹, and to return the original business authorization issued by BCFSA.

To add a class of insurance to its business authorization, the applicant should provide a plan of operations that includes:

- For extraprovincial insurance corporations, certificate indicating approved classes of insurance issued by the regulator in the province of incorporation or, if federally registered, a copy of the

¹ CCIR: [Insurers Application](#)

Order to Insure in Canada Risks issued by the Office of the Superintendent of Financial Institutions (“OSFI”);

- a description of the type of risk and type of policy to underwrite;
- an analysis of the proposed target market and competitors, showing both threats and opportunities and how the applicant plans to address them;
- a description of how the applicant will underwrite, sell, administer, and service the new class of insurance, as well as the proposed distribution channel and claims handling;
- information about the expertise and experience of senior management and staff that will underwrite the new business;
- a three-year forecast of the new class of insurance (in Canada and in BC) and its effect on the financial condition and risk profile of the applicant, including:
 - financial information regarding the new class of insurance, including relevant assumptions relating to the pricing and underwriting of policies, expected claims, premium income, expenses, actuarial liabilities, related investment income, and persistency of policies;
 - a comparative pro forma balance sheet and income statement and supporting assumptions:
 - as at or about the date of the application; and
 - for each of the next three financial year-ends;
 - including capital adequacy ratios;
- an overview of the risk management and control processes for the new class of insurance, including those related to:
 - product design and pricing management;
 - underwriting and liability management; and
 - reinsurance arrangements and risks retention levels.

For the addition of a class of insurance, staff will assess the impact of the addition on the applicant’s liability mix, capital, income, liquidity position, and risk profile. BCFSA Staff will also assess if the applicant has adequate and appropriate risk management policies and practices in place to manage the new class of insurance in BC, and that the applicant will have in place satisfactory enquiries, claims, and complaints handling for its customers in BC. The applicant must not carry-on business in the requested class of insurance unless approval is granted on the class.

For the deletion of a class of insurance, the applicant should provide a letter signed by a senior officer stating that the company has discharged, or provided for the discharge of, unearned premiums, unpaid claims, and any outstanding liabilities in respect of the policies underwritten under the class of insurance to be deleted. The letter must include information on the manner in which it has obtained the surrender of the outstanding policies or discharged, or provided for the discharge of, all of its liabilities under these policies, as well as how and when its customers will be notified about the changes.

As some transactions may not require amendments to the business authorization, the applicant may wish to contact us to enquire about what kind of application, if any, is required.

INSTRUCTIONS

To make an enquiry or to request a meeting with BCFSA staff in respect of an application, please contact Statutory Approvals at statapprovals@bcfsa.ca or at (604) 398-5034.

All notices, information or documentation referenced in this Statement may be submitted via the [Integrated Regulatory Information System](#) (“IRIS”), a secure portal through which regulated entities may provide

information to BCFSa. IRIS, as well as [instructions](#) on how to set up an account and submit an application through IRIS, may be accessed on BCFSa's website.

Application fees may be paid in IRIS by credit card (Visa or Mastercard). Payment by credit card through IRIS is an integrated part of a submission and will be remitted when the applicant submits the required application materials. Please contact statapprovals@bcfsa.ca for instructions on how to remit payment if you wish to pay an application fee by electronic fund transfer, wire, or cheque.