

Regulatory Statement

Ceasing Business or Winding up a Captive Insurance Business

Regulatory Statement Number	INS-18-005
Legislation:	<i>Insurance (Captive Company) Act</i> <i>Financial Institutions Act</i>
Date:	October 1, 2018
Distribution:	Captive Insurance Companies Registered in British Columbia

PURPOSE

This Regulatory Statement (“Statement”) the process by which a captive insurance company (“captive”) registered in British Columbia (“BC”) may cease to carry-on insurance business and wind-up its captive insurance program.

BACKGROUND INFORMATION

A captive must be registered under the *Insurance (Captive Company) Act* (“ICCA”) in order to carry on captive insurance business in BC. The captive must apply to the Superintendent of Financial Institutions (“Superintendent”) each year to renew its registration.

If a captive insurance company wishes to cease doing insurance business in BC, it may wind up its captive insurance program providing it has met the legislative requirements of the ICCA and the *Financial Institutions Act* (“FIA”).

LEGISLATION

[Section 3](#) of the ICCA provides for the sections of the FIA that apply to captives.

Under [Section 6\(1\)](#) of the ICCA, a captive insurance company must not carry on business unless it is registered by the Superintendent; this includes a captive insurance company that is in the process of winding up. Therefore, it is necessary for a captive insurance company in the process of winding up to continue to register on an annual basis until it is completely absolved all of its policy obligations.

[Section 41\(1\)](#) of the FIA requires that a captive, before ceasing to carry-on business, must provide for the whole sum insured under each of its contracts of insurance in BC by:

- obtaining reinsurance by agreement with an insurance company or an extraprovincial insurance corporation that has a business authorization to conduct insurance business in BC;
- obtaining a surrender or discharge of the insurance contract from the insureds; or
- obtaining the written consent of the insured to the continuance of the insurance contract for its unexpired term.

[Section 64\(2\)](#) requires that if a captive proposes to cease doing business, it must give the Superintendent at least 30 days’ written notice of its intent.

Classification: **Public**

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REQUIREMENTS

A captive insurance company wishing to wind up its captive insurance program must provide confirmation that it has met the legislative requirements of the FIA and ICCA.

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.