

# Regulatory Statement

## Ceasing Business or Winding up a Captive Insurance Company

---

<b>Regulatory Statement Number</b>	23-023
<b>Legislation:</b>	<i>Insurance (Captive Company) Act</i> <i>Financial Institutions Act</i>
<b>Date:</b>	December 19, 2023
<b>Distribution:</b>	B.C. Registered Captive Insurance Companies

---

### PURPOSE

This Regulatory Statement provides the requirements for a captive insurance company (“captive”) to cease doing business in British Columbia (“B.C.”) under sections 41 and 64(2) of the *Financial Institutions Act* (“FIA”).

This Regulatory Statement replaces Information Bulletin INS-18-005 “Ceasing Business or Winding Up a Captive Insurance Company.”

### BACKGROUND INFORMATION

A captive must be registered under the *Insurance (Captive Company) Act* (“ICCA”) to carry on captive insurance business in B.C. Pursuant to section 3 of the ICCA, certain FIA sections, including sections 41 and 64(2), apply to captives. Section 64(2) of the FIA requires that a captive proposing to cease doing business in B.C. must give the Superintendent of Financial Institutions (“Superintendent”) at least 30 days’ written notice.

Section 41(1) of the FIA requires that a captive, before or concurrently with ceasing to carry on business in B.C., provide for the whole sum insured under each of its contracts of insurance in B.C. by:

- obtaining reinsurance of the sum insured, by agreement with an insurance company or an extraprovincial insurance corporation that has a business authorization in B.C.;
- 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.

### REQUIREMENTS

Notification must be submitted to the Superintendent by a captive at least 30 days prior to ceasing business in B.C., which must include the following:

- cover letter detailing the reasons the captive wishes to cease its business;
- confirmation that the captive has ceased writing insurance policies or acting as an insurer in B.C.; and
- confirmation from the actuary that the captive has no remaining policy obligations in B.C., or;

- documentation demonstrating that all subsisting policies and insurance liabilities have been or will be transferred to an insurer authorized to conduct business in B.C. and that policyholders have been appropriately notified of the transfer of policy; or
- documentation that all the insureds have signed an agreement for surrender and release of the contracts or consented to the continuance of the insurance contracts.

Under section 6(1) of the ICCA, a captive must not carry on business unless it is registered by the Superintendent. Therefore, it is necessary for a captive to continue to register on an annual basis until it completely discharges all its policy obligations.

## INSTRUCTIONS

For questions or to request a meeting with BCFSA staff in respect of an application, please contact the Approvals Branch at [statapprovals@bcfsa.ca](mailto:statapprovals@bcfsa.ca) or at (604) 398-5034.

All notices, information or documentation referenced in this Statement are to 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.

## LEGISLATION

FIA, ss. 41, 64(2)

ICCA, ss. 3, 6

Copies of the legislation are available from [www.bclaws.gov.bc.ca](http://www.bclaws.gov.bc.ca)

*Regulatory Statements establish the form and content of a regulatory submission; prescribe the manner of meeting or enforcing a requirement existing in an enactment; and/or provide the regulator’s view of the laws that BC Financial Services Authority administers. Regulatory Statements are made pursuant to a requirement or power contained in provincial legislation. Compliance with a Regulatory Statement is therefore mandatory. Regulatory Statements may refer to law, practice, or background existing at the time of publication. If relying on the legal information contained in a Regulatory Statement, confirm that any references to the law, including enabling legislation, are up to date and obtain independent legal advice, when needed. Regulatory statements are effective on the date of their publication, unless stated otherwise.*