
BULLETIN NUMBER: INS-07-013

TITLE: CHANGES AFFECTING INSURERS AUTHORIZED FOR AUTOMOBILE INSURANCE IN BRITISH COLUMBIA

LEGISLATION: *INSURANCE (VEHICLE) ACT AND THE INSURANCE ACT*

DATE: JUNE 2007

PURPOSE

The purpose of this bulletin is to bring to the attention of insurance companies authorized to conduct automobile insurance in British Columbia legislative changes that affect how they will be regulated in British Columbia for this business.

Effective June 1, 2007 the *Insurance (Motor Vehicle) Act* and its accompanying regulation were amended and are now known as the *Insurance (Vehicle) Act* ("Act") and *Insurance (Vehicle) Regulation* ("Regulation") respectively.

This new legislation repeals Part 6 of the *Insurance Act* in its entirety. This part of the *Insurance Act* set out the legal framework for the regulation of automobile insurance contracts including definitions, statutory conditions, wordings, limitations, the requirement that applications forms and contracts be approved by the Superintendent of Financial Institutions ("Superintendent") in advance of use, and rates and rate changes must be filed with the Superintendent. The Act and its Regulation includes several new definitions, provisions, and requirements on optional automobile insurance contracts that replace many of the *Insurance Act* provisions.

As a result of these changes, insurers are no longer required to file copies of intended applications and contracts for approval of the Superintendent prior to use, and they are not required to file rates or rate changes with this office. However, insurers must still be authorized to conduct automobile insurance in British Columbia before issuing optional automobile insurance policies to British Columbians.

At the writing of this notice there is no plan to reinstitute the regulation of these applications and contracts, or require the filing of rates. However, the option remains for regulation to be implemented if issues are identified that require government intervention.

There are many other modifications that will have an impact on how insurers engaged in automobile insurance do business in British Columbia. These changes range from the amendment of definitions to requirements that some wordings meet specific appearance requirements on the face of policies, and the ramifications of failing to do so.

For example, subject to a few limited exceptions, all optional insurance policies that extend the limits of ICBC's basic insurance coverage must be on the same terms and conditions as the basic coverage. All optional insurance policies that provide new additional coverage, including collision coverage, will be subject to the revised set of Prescribed Conditions in Schedule 10 to the Regulation. The new framework applies to all optional insurance contracts that are made or renewed in British Columbia and that take effect on or after June 1, 2007.

The Financial Institutions Commission strongly recommends every insurance company authorized to write automobile insurance in British Columbia review the new legislation and implement changes as required to ensure full compliance with the Act and its Regulation. A copy of the legislation can be obtained from QP LegalEze at www.qp.gov.bc.ca/statreg.

As other issues regarding this amended legislation that require clarification are identified we will issue notices or post bulletins as appropriate.

At the Financial Institutions Commission, we issue interpretation bulletins to provide technical interpretations and positions regarding certain provisions contained in the *Financial Institutions Act* and Regulations. While the comments in a particular part of an interpretation bulletin may relate to provisions of the law in force at the time they were made, these comments are not a substitute for the law. The reader should consider the comments in light of the relevant provisions of the law in force at the time, taking into account the effect of any relevant amendments to those provisions or relevant court decisions occurring after the date on which the comments were made. Subject to the above, an interpretation or position contained in an interpretation bulletin generally applies as of the date on which it was published, unless otherwise specified.

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