

Regulatory Statement

Obtaining a Business Authorization to Operate an Extraprovincial Insurance Company in British Columbia

Regulatory Statement Number	INS-18-001
Legislation:	<i>Financial Institutions Act</i>
Date:	October 1, 2018
Distribution:	All Interested Applicants

PURPOSE

This Regulatory Statement (“Statement”) outlines the application process through which an extraprovincial insurance corporation may apply to the BC Financial Services Authority (“BCFSA”) for a business authorization to conduct general and/or life insurance business in the province of British Columbia (“BC”). An extraprovincial insurance corporation is not permitted to carry on insurance business in BC unless it has received a business authorization from Superintendent of Financial Institutions (“Superintendent”).

This Statement includes:

- overview of legislation;
- overview of the application process; and
- submission instructions.

BACKGROUND INFORMATION

An extraprovincial insurance corporation is a corporation authorized to carry on insurance business under the laws of a jurisdiction other than BC. To conduct insurance business in BC, an extraprovincial insurance corporation must apply for authorization from the Superintendent. Prior to submitting an application, the extraprovincial insurance corporation must apply to the BC Registry Services (“Registry”) to register as an extraprovincial corporation. Information regarding this process can be found on the Registry’s website.

LEGISLATION

Pursuant to [Section 159](#) of the *Financial Institutions Act* (“FIA”), an extraprovincial insurance corporation must have a business authorization to conduct insurance business in BC. An extraprovincial insurance corporation whose primary jurisdiction is not Canada may be granted a business authorization in BC under [Section 160\(3\)](#) of the FIA. A business authorization will not be issued if the Superintendent believes on reasonable grounds that it is not in the public interest to do so.

[Section 160\(6\)](#) of the FIA provides that Superintendent must issue a business authorization to an extraprovincial insurance corporation whose primary jurisdiction is Canada upon submission of an application that is satisfactory to the Superintendent.

[Section 158](#) of the FIA delineates the provisions of the Act that apply to and in respect of an extraprovincial insurance corporation dependent upon the jurisdiction of the entity. Applicants are encouraged to review

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and conduct a self-assessment against the guidelines adopted from the Office of the Superintendent of Financial Institutions (“OSFI”) when submitting an application for authorization¹.

REQUIREMENTS

Applicants must submit the following materials to BCFSA:

- non-refundable [application fee](#) payable to BCFSA;
- evidence that the corporation is authorized by its primary jurisdiction;
- corporate profile and history of the corporation;
- business plan that contains the following information:
 - analysis of target market and description of marketing strategy in BC;
 - description of intended products and distribution channels for business in BC;
 - description of management expertise in proposed product lines;
 - claims handling procedures;
 - description of product training for employees and/or agents;
 - copy of complaints handling procedures and description of customer support services;
 - confirmation that employees, agents and/or third-party service providers are licensed in BC (if so required under legislation);
 - analysis of key risks and risk mitigation strategies;
 - the internal capital target set by the Board of Directors;
 - organizational chart including ownerships percentages, parent company and all other entities in the corporate group including affiliates and subsidiaries; and
 - description of material outsourcing arrangements with affiliates or third parties;
- a completed Canadian Council of Insurance Regulators (“CCIR”) [application form](#) along with relevant appendices;
- copies of all insurance policies, application forms and marketing materials that the corporation intends to issue in BC;
- a description of intended reinsurance arrangements and net retention level of risk;
- audited financial statements for the past three years including capital ratios;
- pro-forma financial projections over the five-year forecast including:
 - total projections for the corporation’s operations;
 - gross/net written premium, revenue, and net earnings forecasts for business in BC only;
 - MCT/LICAT/BAAT/LIMAT (whichever capital ratio is applicable);
- actuarial report including a Financial Condition Testing (“FCT”) report prepared by a qualified actuary (fellow of the Canadian Institute of Actuaries);
- copy of the investment policy;
- current curriculum vitae for each director, senior officer, and significant shareholder (those owning or controlling, directly or indirectly, 10 per cent or more of the voting shares of the company);
- a list of the members of the following committees of the Board of Directors: Audit, Investment and Lending and Conduct Review; and
- documentation providing proof that the corporation is a member in good standing of an approved insurance compensation plan:
 - Canadian Life and Health Insurance Compensation Corporation (“Assuris”) for life/health insurers; or
 - Property and Casualty Insurance Compensation Corporation (“PACICC”) for general insurers.

¹ [BCFSA: OSFI Guidelines Summary Table - 2020](#)

While this Statement provides direction to extraprovincial insurance corporations in respect of the requirements of an application for business authorization, the particular circumstances of each application may necessitate additional criteria or information.

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.