

April 7, 2014
File No.: 78000-50
Ref. No.: 0424

To: Creditors Group Insurers

Re: Creditor's Group Insurance Questionnaire

It has come to the Financial Institutions Commission's (FICOM) attention that there may be creditor's group insurance contracts in the market that have been effected by a third party, not the creditor. As these contracts are not being effected by the creditor, they do not meet the requirements to qualify as creditor's group insurance as stipulated in British Columbia's *Insurance Act* and cannot be offered in this province.

Section 37 and section 92 of the *Insurance Act* define creditor's group insurance as "*insurance effected by a creditor under which the lives of a number of the creditor's debtors are insured severally under a single contract.*" In order to "effect" a contract, the creditor must play an active and substantive role in negotiating and concluding the contract with the insurer.

In order to better understand the extent of third party effected contracts that may exist in the market, FICOM is conducting some preliminary information gathering. Attached is a short questionnaire FICOM is asking each insurer (life and property and casualty) currently authorized to write credit protection insurance and/or accident and sickness insurance business in British Columbia to complete.

Please note FICOM is only requesting that you complete the attached questionnaire; we are not asking you to validate whether all your contracts are in fact in compliance at this time.

Based on the results of the questionnaire, FICOM may work with insurers individually or it may work with other provincial regulators to address this issue.

Please scan and email your completed questionnaire to insurance@ficombc.ca or mail in a paper copy to the following address:

Attn: Molly Burns
Financial Institutions Commission
2800 - 555 West Hastings
Vancouver BC, V6B 4N6

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- Superintendent of Financial Institutions
 - Superintendent of Pensions
 - Superintendent of Real Estate
 - Registrar of Mortgage Brokers

2800-555 West Hastings
Vancouver, BC V6B 4N6
Telephone: 604 660-3555
Facsimile: 604 660-3365
www.fic.gov.bc.ca

Please send us the questionnaire by May 9, 2014.

FICOM is making this request for information pursuant to Section 213 of the *Financial Institutions Act*.

If you have any questions or concerns regarding the questionnaire, please contact Ms. Molly Burns, Analyst, Policy Initiatives at molly.burns@ficombc.ca.

Yours truly,

A handwritten signature in cursive script that reads "Frank Chong".

Frank Chong
Executive Director, Regulation

Enclosure

MB/ac

CREDITOR'S GROUP INSURANCE QUESTIONNAIRE

This questionnaire is to be completed by all insurance companies (life and property and casualty) that are authorized to write credit protection insurance and/or accident and sickness insurance business in British Columbia.

Name of Insurance Company: _____

Contact Person (name and email address): _____

1. Do you issue creditor's group insurance that covers debtor insureds who are residents of British Columbia? **Yes No (please circle)**

2. If you answered yes to question 1, are any of these policies issued to policyholders who are not the creditor? **Yes No (please circle)**

If yes, please indicate the type of products issued (i.e. for mortgages, credit cards, car loans or leases, etc.)

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