Insurance Council
BRITISH COLUMBIA

NOTICE

ICN 23-001 | Conflict of Interest in Strata Insurance Business

February 23, 2023

A new Council Rule, 7(11.2), is being introduced to address potential conflicts of interest where a licensed insurance agency or adjusting firm has common ownership with a property management company. The Insurance Council created this Rule to align with the provincial government's amendments to the *Financial Institutions Act* (*Act*) and *Financial Products Disclosure Regulation* to enhance clarity, transparency and public protection regarding strata insurance.

Licensee Requirements

As of July 1, 2023, licensees are prohibited from conducting strata insurance business[1] for stratas that are managed by the licensees' affiliated property management company. This notice is intended to provide licensees with advance notification to come into compliance with this Rule by July 1, 2023.

All licensees are expected to be aware of and in compliance with the Rule and their duties and obligations under the *Act*, the *Insurance Act* and the Insurance Council's Rules and Code of Conduct.

Notification Requirements to Clients

A licensee acting as the agent of record for an insurance policy who then terminates their business relationship with a client must do so in a manner that is impartial, and allows for the orderly transfer of the client's insurance business elsewhere. Licensees must provide the client with adequate notice of their intent to withdraw their services, and must comply with the Code of Conduct, as well as any applicable statutory and professional obligations.

More information on notification requirements can be found under Section 7 of the Code of Conduct and the *Financial Products Disclosure Regulation*.

[1] Insurance business as defined in the *Financial Institutions Act*.

Additional Resources

ICN-20-001 Brokering Best Practices includes information about licensees' obligations and notification requirements under the Code of Conduct.

Licensees concerned with their ability to comply with Rule 7(11.2) by July 1, 2023 should contact Kandace Hopkins, Director of Practice and Quality Assurance at khopkins@insurancecouncilofbc.com.