This notice is no longer in effect. Please refer to Errors & Omissions section of the website for the most current guidance.

NOTICE

INSURANCE COUNCIL OF BRITISH COLUMBIA

DELAYED IMPLEMENTATION DATE FOR REQUIREMENT TO HOLD MANDATORY ERRORS AND OMISSIONS INSURANCE FOR RESTRICTED TRAVEL INSURANCE AGENCIES

After consultation with the industry, the Insurance Council of British Columbia ("Council") has delayed the implementation of Council Rule 7(11) for restricted travel insurance agencies to January 1, 2007. Rule 7(11) requires that all licensees be covered by an Errors and Omissions ("E&O") insurance policy for specified coverage limits.

Background:

Council originally determined in 1999 that licensees should be required to carry E&O insurance as a condition of doing business. Council's position, which remains unchanged, was that the public relies greatly on individuals selling insurance and while licensees are qualified, competent and knowledgeable, errors can still occur. Accordingly, Council believes it is important that there be a minimum level of protection available to all insurance consumers.

The initial consultation process commenced in 1999 and continued through October 2001. Council met with travel industry representatives, associations and providers of E&O insurance and published the proposed requirements for comment. In September 2004, Council again sought feedback through the consultation process conducted in developing Council Rules. Throughout this process, Council dealt with concerns raised and streamlined its final proposal to those now prescribed in Council Rule 7(11).

As a last step before finalizing implementation, Council recently met with industry representatives that had responded to prior requests for feedback and insurance companies known to provide E&O insurance to the travel industry.

Implementation:

In Council's most recent discussions with the travel industry, it was concluded that implementation of mandatory E&O insurance coverage provides a needed level of consumer protection. However, it was requested that Council provide restricted travel insurance agencies an extended time frame to meet the minimum requirements. Council agreed to delay the implementation date until January 1, 2007.

The delayed implementation date was adopted for a number of reasons, including allowing restricted travel insurance agencies sufficient time to obtain insurance quotes and choose a carrier. In addition, the extended time frame will allow insurance companies time to review contract wording and confirm coverage for the insurance activities conducted by restricted travel insurance agencies in British Columbia.

This date provides restricted travel insurance agencies approximately 18 months to obtain E&O insurance which covers the agency's travel insurance activities.

Coverage Requirements:

Highlights of the E&O insurance coverage and implementation requirements are provided below, but licensees must read Council Rule 7(11) in its entirety to ensure compliance. Council Rules are available on our website or by contacting Council's office.

- A licensee must be covered under an E&O insurance policy, which covers all insurance activities of the restricted travel insurance agency, with a minimum limit of $1 million per claim and a minimum aggregate limit of $2 million.
- Licensees covered under an existing E&O insurance policy that has limits lower than the requirements outlined above must ensure their coverage meets the minimum requirements by January 1, 2007.
- A licensee who is considered an employee of an insurer may be considered exempt, subject to meeting the requirements of Rule 7(11)(b).

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