

**INSURANCE COUNCIL OF BRITISH COLUMBIA
("Council")**

**ISSUANCE OF RESTRICTED GENERAL INSURANCE LICENCES
TO MOTOR VEHICLE DEALERS**

In 2009, Council began to issue restricted general insurance licences ("restricted licence") to motor vehicle dealers and their representatives ("Dealerships") marketing anti-theft insurance products incidental to the sale of a motor vehicle. These products, collectively referred to as "secondary automobile insurance products," do not include primary automobile insurance products, such as liability and vehicle damage coverage.

The number of Dealerships seeking a restricted licence and the number of insurance products being marketed by Dealerships have steadily increased. Currently, there are approximately 140 Dealerships licensed to sell various insurance products, including anti-theft insurance, extended warranty premium refund insurance, and vehicle replacement insurance.

A condition on the restricted licences requires that Dealerships provide certain disclosures to assist consumers in making informed decisions. Individual licensees of the Dealerships are not required to meet any education or experience requirements, complete a criminal record check or, in some cases, maintain errors and omissions insurance ("E&O"). Given the limited risk to the public, these standard licensing requirements were waived by Council.

As new and more complicated insurance products are developed for this niche market, Council has concerns that continuing to issue restricted licences to Dealerships on the above basis may not be in the best interests of the public. Accordingly, Council is reviewing the licensing requirements for this market.

To facilitate this review, Council is requesting written submissions from interested parties. Specifically, Council is seeking feedback on the education and experience qualifications and E&O requirements as well as appropriate licence conditions or restrictions relevant to the incidental sale of secondary automobile insurance products.

Feedback should be submitted no later than May 15, 2012 via fax or mail to the contact information below or via email to communications@insurancecouncilofbc.com.

Until Council concludes its review, restricted Dealership licences will only be considered where the secondary automobile insurance products marketed have an aggregate coverage limit of \$7,500.00 or less. Where the aggregate limit is greater than \$7,500.00, the Dealership and its representatives will be required to hold an unrestricted general insurance licence. Applicants for an unrestricted general insurance licence must demonstrate they meet Council's published licensing requirements. Licensing requirements are available on Council's website under *Licence Qualifications, General Insurance*.

NOTICE

Dealerships and their representatives who currently hold licences with Council can continue to sell secondary automobile insurance products in accordance with the conditions and restrictions on their licences. Council will not, however, approve applications from these licensees to amend the conditions or restrictions until its review is concluded.

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