

Advisory

Release of Final Recovery Plan Guideline

Date: March 31, 2022
Distribution: All B.C. Incorporated Credit Unions, Insurance Companies, and Trust Companies
Advisory Number: 22-014

PURPOSE

BC Financial Services Authority (“BCFSA”) has finalized its Recovery Plan Guideline (“Guideline”) following consultation with industry. An effective recovery plan is a strategic document that will make a financial institution more resilient to financial stress, decrease the risk of government intervention, and increase consumer confidence in financial institutions. Recovery Plans identify the underlying cause(s) of financial stress and identify potential solutions to bring the financial institution back to a viable state.

The Guideline can be viewed on the [BCFSA website](#).

The Guideline establishes BCFSA’s expectations for B.C. incorporated credit unions, insurers, and trusts, collectively referred to as Provincially Regulated Financial Institutions (“PRFIs”) to develop a credible and comprehensive recovery plan that will guide the PRFI in responding to and recovering from a significant financial stress event.

BACKGROUND INFORMATION

Recovery planning is a key component of BCFSA’s overall crisis preparedness planning, which is a comprehensive approach to increase the resiliency of the financial services sector in B.C. The consultation with PRFIs confirmed that crisis preparedness planning is a key priority for financial institutions, and many PRFIs currently maintain a suite of crisis preparedness plans such as Recovery Plans, Business Continuity Plans, Disaster Recovery Plans, and Capital and Liquidity contingency plans. BCFSA has and will continue to issue guidance aligned with its crisis preparedness planning objective to enhance the resiliency of PRFIs.

On October 4, 2021, BCFSA released a draft Recovery Plan Guideline for a 60-day consultation period. Submissions were received from representatives of B.C.’s credit union and insurance sectors.

A summary of BCFSA’s responses to the comments and input received can be viewed [on our website](#).

ADDITIONAL INFORMATION

Following careful consideration of the feedback received during the consultation period, and recognizing the challenge that smaller financial institutions may face in meeting a one-year implementation timeframe, BCFSA has established the following implementation timeline:

1. Credit unions belonging to Asset Groups 1 and 2, as well as insurers with annual gross written premiums in excess of \$80 million, are expected to submit their Recovery Plan within 12 months following the publication of the final Guideline.

2. Credit unions belonging to Asset Groups 3, 4, 5 and 6, as well as trust companies and insurers with less than \$80 million in gross written premiums are expected to submit their Recovery Plan within 18 months of the publication of the final Guideline, with submission of a progress report to their Relationship Manager within 12 months of the release of the final Guideline.

The Guideline provides PRFIs with flexibility to implement the expectations in a risk-based and proportionate manner given the differences in size, scope, complexity, systemic importance, and risk profile of each PRFI.

Questions regarding implementation should be directed to the PRFI's Relationship Manager.

Additional questions or comments on the Guidelines can be sent to Policy@bcfsa.ca.