

Regulatory Statement

Product Warranty, Vehicle Warranty, and Automobile Insurance

Regulatory Statement Number:	24-008
Legislation:	<i>Financial Institutions Act</i>
Date:	April 25, 2024
Distribution:	Insurers authorized to conduct insurance business in BC

PURPOSE

This Regulatory Statement sets out the position of BCFSA with respect to the underwriting, marketing, and sale of product warranty insurance, vehicle warranty insurance, and automobile insurance in British Columbia ("B.C.") in accordance with the *Financial Institutions Act* ("FIA").

This Regulatory Statement repeals and replaces Information Bulletin INS-06-009 "Product and Vehicle Warranty Insurance."

BACKGROUND INFORMATION

Under B.C. law, product warranties and vehicle warranties are considered to be insurance. The coverage that is provided under these warranties is limited in scope to the quality or failure of the item being insured and further limited to coverage not provided under other types of insurance contract. These insurance products are independent from one another, with coverage for distinct items. These warranties are also distinct from automobile insurance.

1. Product warranty insurance relates to loss of, or damage to, personal property other than a motor vehicle or, that falls within another class of insurance.
2. Vehicle warranty insurance relates to loss of, or damage to, motor vehicles arising from mechanical failure.
3. Automobile insurance covers loss or damage to automobiles, such as indemnification for loss in the event of a theft, motor vehicle accident, or if the glass, paint, or other part of a motor vehicle is otherwise damaged due to a fortuitous event.

Insurance products can only be underwritten by appropriately authorized insurers and marketed and sold by licensed insurance agents unless an appropriate exemption from either of these requirements exists under the legislation.

REQUIREMENTS

Section 75 of the FIA states that a person must not carry on insurance business in B.C. unless the person is, among other things, an insurance company or extraprovincial insurance corporation that has a business authorization to carry on insurance business or is licensed as an insurance agent or salesperson and is carrying on insurance business only in that capacity.

Insurers are only permitted to underwrite and sell the classes of insurance set out in the business authorization issued to them by BCFSA. Insurers must ensure that they are appropriately authorized to carry on business for the class(es) of insurance that best fit their insurance products being sold to B.C. consumers.

Exemption from the authorization or licensing requirements may apply when the underwriting and/or solicitation of product warranty insurance and vehicle warranty insurance is undertaken by product manufacturers, vehicle manufacturers, retailers, including motor dealers, and their employees.

ADDITIONAL INFORMATION

If you have any questions about this Regulatory Statement, please contact the BCFSA Market Conduct department at insurance@bcfsa.ca.

LEGISLATION

FIA ss. 59(2), 59(4), 65, 75, 76, 159(1), 159(4), 171

Classes of Insurance Regulation

Insurance Licensing Exemptions Regulation

Insurer Exemption Regulation

Copies of the legislation are available from www.bclaws.gov.bc.ca