

Regulatory Statement



Requirement to Complete the Annual Statement on Market Conduct

DATE: March 4, 2021

REGULATORY STATEMENT NUMBER: 21-003

LEGISLATION: Financial Institutions Act

RELATED FORMS: Annual Statement on Market Conduct ("ASMC")

DISTRIBUTION: BC Incorporated Insurers

PURPOSE

This Regulatory Statement informs insurers incorporated in British Columbia¹ ("B.C.") of the requirement to complete and file the Annual Statement on Market Conduct ("ASMC") with the Superintendent of Financial Institutions at BC Financial Services Authority ("BCFSA"), starting in 2021.

BACKGROUND INFORMATION

The requirement to complete and file the ASMC was introduced in 2017 in other jurisdictions across Canada to enhance data and information available to regulators as they monitor market conduct practices in the Canadian insurance marketplace.

Changes to the *Financial Institutions Act* in 2020 now permit the BCFSA to collect market conduct information by requiring B.C. incorporated insurers to complete and file the ASMC with the Superintendent.

REGULATORY REQUIREMENTS

Section 127 of the *FIA* permits BCFSA to require financial institutions, including insurers incorporated under the laws of B.C., to file a report outlining market conduct practices in a form and at intervals established by the Superintendent.²

Section 127(3) of the *FIA* states:

¹ Excluding captive insurers

² Section 192 applies section 127 to BC incorporated authorized societies

At intervals specified by the Superintendent, a financial institution must file with the Superintendent a report in the form established by the Superintendent outlining its financial affairs, market conduct and risk management practices and corporate governance.

Effective March 4, 2021, the Superintendent has established the ASMC as the form that a B.C. incorporated insurer must file outlining its market conduct practices. The Superintendent further specifies that the ASMC is an annual filing requirement and must be submitted by May 1 each year.

The ASMC filing requirement will not apply to B.C. insurers already filing the ASMC in other jurisdictions or reinsurers. Reduced ASMC filing requirement will apply to insurers in run-off.

Failure to comply with this requirement may result in an administrative penalty under section 253.1 of the *FIA*.

Note that for 2021 fiscal year filings in 2022, BCFSa expects to be in a position to require insurers to file directly with the Autorité des Marchés Financiers.

If you have any further comments or questions, please contact your Relationship Manager at BCFSa or email to insurance@bcfsa.ca.

As the BC Financial Services Authority, we issue Regulatory Statements outlining how entities must operate, or the form and content required by the Regulator for mandatory regulatory filings identified in the *Financial Institutions Act* and *Credit Union Incorporation Act*, Regulations, and other pertinent legislation. While the comments in a particular part of a Regulatory Statement may relate to provisions of the law in force at the time they were made, these comments are not a substitute for the law. The reader should consider the comments in light of the relevant provisions of the law in force at the time, taking into account the effect of any relevant amendments to those provisions or relevant court decisions occurring after the date on which the comments were made. Subject to the above, instructions, definitions, and positions contained in a Regulatory Statement generally apply as of the date on which it was published, unless otherwise specified.