

Regulatory Statement

Renewal of Reciprocal Exchange Permit

Regulatory Statement Number	INS-18-002
Legislation:	<i>Financial Institutions Act</i>
Related Forms:	Application for Renewal of Permit of Reciprocal Exchange (Form 10)
Date:	October 1, 2018
Distribution:	Reciprocal Exchanges Authorized in British Columbia

PURPOSE

This Regulatory Statement (“Statement”) outlines the annual renewal requirement for a reciprocal exchange permit pursuant to the *Financial Institutions Act* (“FIA”).

BACKGROUND INFORMATION

A reciprocal exchange for insurance is a group of persons, the members of which agree to insure each other, to the extent and in the manner agreed on, under one or more contracts of reciprocal insurance, in consideration of each of the others entering into one or more of the contracts. In order to conduct insurance business in British Columbia (“BC”), a reciprocal exchange must apply for authorization from the Superintendent of Financial Institutions (“Superintendent”).

Pursuant to [Subsection 187\(8\)](#), a reciprocal exchange is required to renew its permit with the Superintendent no later than March 31 each year.

REQUIREMENTS

A reciprocal exchange must submit the following items in support of an application for renewal of permit:

- non-refundable [application fee](#) payable to BCFSA;
- a completed [Application for Renewal of Reciprocal Exchange Permit \(Form 10\)](#);
- details of any changes to the reciprocal exchange’s operations, policies, reinsurance business, subscribers, or any other changes that may not have been reported to the Superintendent;
- a list of all current members of the reciprocal exchange;
- a copy of the Subscribers’ Agreement;
- a statement prepared by a qualified actuary (Fellow of the Canadian Institute of Actuaries)
- audited financial statements for the preceding December 31 financial year end;
- a copy of the reciprocal exchange’s annual P&C-1 return;
- three-year financial projections (income statement and balance sheet);
- a copy of the Investment Policy;
- for BC-based reciprocal exchanges: Personal Information Returns (“PIRs”) that have not been previously submitted for the general manager or equivalent and new directors, as well as any changes to previously filed PIRs of the general manager or equivalent and directors; and
- copies of non-financial related information, if specifically requested by staff, such as governance structure and committee terms of reference, minutes and agendas, budgets and strategic plans, other governance documents, and management policies and procedures.

Classification: **Public**

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INSTRUCTIONS

To make an enquiry or to request a meeting with BCFSa staff in respect of an application, please contact Statutory Approvals at statapprovals@bcfsa.ca or at (604) 398-5034.

All notices, information or documentation referenced in this Statement may be submitted via the [Integrated Regulatory Information System](#) ("IRIS"), a secure portal through which regulated entities may provide information to BCFSa. IRIS, as well as <https://www.bcfsa.ca/about-us/what-we-do/mandate-and-values/initiatives/iris-platform> on how to set up an account and submit an application through IRIS, may be accessed on BCFSa's website.

Application fees may be paid in IRIS by credit card (Visa or Mastercard). Payment by credit card through IRIS is an integrated part of a submission and will be remitted when the applicant submits the required application materials. Please contact statapprovals@bcfsa.ca for instructions on how to remit payment if you wish to pay an application fee by electronic fund transfer, wire, or cheque.

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 Statements 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 Statements generally apply as of the date on which it was published, unless otherwise specified.