



Financial Institutions Act

FINANCIAL PRODUCTS
DISCLOSURE REGULATION

B.C. Reg. 573/2004

Deposited December 13, 2004 and effective December 31, 2004
Last amended November 1, 2020 by B.C. Reg. 227/2020

Consolidated Regulations of British Columbia

This is an unofficial consolidation.

B.C. Reg. 573/2004 (O.C. 1235/2004), deposited December 13, 2004 and effective December 31, 2004, is made under the *Financial Institutions Act*, R.S.B.C. 1996, c. 141, s. 289.

This is an unofficial consolidation provided for convenience only. This is not a copy prepared for the purposes of the *Evidence Act*.

This consolidation includes any amendments deposited and in force as of the currency date at the bottom of each page. See the end of this regulation for any amendments deposited but not in force as of the currency date. Any amendments deposited after the currency date are listed in the B.C. Regulations Bulletins. All amendments to this regulation are listed in the *Index of B.C. Regulations*. Regulations Bulletins and the Index are available online at www.bclaws.ca.

See the User Guide for more information about the *Consolidated Regulations of British Columbia*. The User Guide and the *Consolidated Regulations of British Columbia* are available online at www.bclaws.ca.

Prepared by:
Office of Legislative Counsel
Ministry of Attorney General
Victoria, B.C.

Financial Institutions Act

FINANCIAL PRODUCTS DISCLOSURE REGULATION

B.C. Reg. 573/2004

Contents

- 1 Interpretation
- 2 Permitted rebate of premium
- 3 Disclosure by financial institutions and agents
 - 3.1 Disclosure to strata corporation of material change in strata insurance contract
 - 3.2 Disclosure of commission if material change in strata insurance contract
 - 3.3 Method of disclosure to strata corporation under section 3.1 or 3.2
- 4 Disclosure by insurance licensees

Interpretation

- 1** In this regulation:

“**Act**” means the *Financial Institutions Act*;

“**financial institution**” includes

- (a) an extraprovincial corporation,
- (b) a society that is deemed under section 191 of the Act to have a business authorization, and
- (c) a mutual fire insurance company as defined in section 188 of the Act;

“**insurance company**” includes

- (a) an extraprovincial insurance corporation, and
- (b) a mutual fire insurance company as defined in section 188 of the Act;

“**strata corporation**” has the same meaning as in the *Strata Property Act*;

“**strata insurance contract**” means a contract of insurance with a strata corporation in respect of a matter referred to in section 149 or 150 of the *Strata Property Act*.

[am. B.C. Reg. 227/2020, App. 1, s. 2.]

Permitted rebate of premium

- 2** For the purposes of section 79 (1) of the Act, a rebate of premium must be less than 25% of the premium.

Disclosure by financial institutions and agents

- 3** (1) A financial institution or the agent of a financial institution must, at the time of providing a service or product to a customer, disclose to the customer
- (a) the name of the financial institution whose service or product is being provided,
 - (b) the relationship between the financial institution and the person or agent offering to provide the service or product,
 - (c) whether commission or compensation is to be paid by the financial institution to the person or the agent offering to provide the service or product, and

- (d) in the case of a strata insurance contract in respect of which a commission or compensation is to be paid,
 - (i) if the amount of the commission or compensation is known, the amount of the commission or compensation, and
 - (ii) in any other case,
 - (A) the method by which the commission or compensation is to be determined, and
 - (B) a reasonable estimate of the commission or compensation.
- (2) If a financial institution acts as agent for or on behalf of another person to provide a service or product of that other person to a customer, the financial institution must, at the time of providing the service or product, disclose to the customer
 - (a) the name of the person for whom the financial institution is acting,
 - (b) the relationship between the person and the financial institution, and
 - (c) whether commission or compensation is to be paid by the person to the financial institution for providing the service or product.

[am. B.C. Reg. 227/2020, App. 1, s. 3.]

**Disclosure to strata corporation of
material change in strata insurance contract**

- 3.1** (1) Subsection (2) applies to an insurance agent through whom a strata insurance contract was placed if, not less than 45 days before the expiry of the strata insurance contract, the insurance company provides the following information, as applicable, to the insurance agent:
- (a) the insurance company's intention to not renew the strata insurance contract;
 - (b) the insurance company's intention to propose to renew the strata insurance contract on different terms and conditions and,
 - (i) subject subparagraph (ii), the proposed new terms and conditions, and
 - (ii) if a proposed new term or condition has not been finalized, the reason the term or condition has not been finalized and an estimate of when the term or condition will be finalized and disclosed to the strata corporation.
- (2) Subject to subsection (3), an insurance agent to whom this subsection applies must, not less than 30 days before the expiry of the strata insurance contract, disclose the information described subsection (1) (a) or (b), as applicable, to the strata corporation in accordance with section 3.3.
- (3) Subsection (2) does not apply to an insurance agent in respect of information described in subsection (1) (a) if the insurance agent, not less than 30 days before the expiry of the strata insurance contract, places with another insurance

FINANCIAL PRODUCTS DISCLOSURE REGULATION

company a replacement strata insurance contract containing substantially similar terms and conditions as the expiring strata insurance contract.

- (4) Subsection (5) applies to an insurance company if
- (a) 30 days before the expiry of a strata insurance contract, either of the following apply:
 - (i) the insurance company intends to not renew the strata insurance contract;
 - (ii) the insurance company intends to propose to renew the strata insurance contract on terms and conditions that are materially different than the existing terms and conditions, including any increase in an insurance premium or deductible, and
 - (b) the insurance company did not, within the period described in subsection (1), provide the information described in subsection (1) (a) or (b), as applicable, to the insurance agent through whom the strata insurance contract was placed.
- (5) Without limiting section 3, an insurance company to whom this subsection applies must, not less than 30 days before the expiry of the strata insurance contract, disclose the information described in subsection (1) (a) or (b), as applicable, to the strata corporation in accordance with section 3.3.

[en. B.C. Reg. 227/2020, App. 1, s. 4.]

**Disclosure of commission if
material change in strata insurance contract**

- 3.2** (1) This section applies to an insurance agent through whom a strata insurance contract was placed if
- (a) the insurance company, within the period described in section 3.1 (1), provides the information described in section 3.1 (1) (b) to the insurance agent, and
 - (b) a commission or compensation is to be paid by the insurance company to the insurance agent.
- (2) Without limiting section 3 (1) (d), an insurance agent to whom this section applies must, not less than 30 days before the expiry of the strata insurance contract, disclose the following information to the strata corporation in accordance with section 3.3:
- (a) if the amount of the commission or compensation is known, the amount of the commission or compensation;
 - (b) in any other case,
 - (i) the method by which the commission or compensation is to be determined, and
 - (ii) a reasonable estimate of the commission or compensation.

[en. B.C. Reg. 227/2020, App. 1, s. 4.]

**Method of disclosure to strata
corporation under section 3.1 or 3.2**

- 3.3** Despite any provision of the Act, if information must be disclosed to a strata corporation under section 3.1 or 3.2 of this regulation, a document containing the information must be given to the strata corporation in accordance with section 63 or 64 of the *Strata Property Act*.

[en. B.C. Reg. 227/2020, App. 1, s. 4.]

Disclosure by insurance licensees

- 4** It is a condition of every licence issued to an insurance agent that
- (a) before acting as an insurance agent, the licensee disclose to the public that the licensee is an insurance agent, and
 - (b) if
 - (i) a customer purchasing a service or product is referred to a licensee by another person who is not an insurance agent, and
 - (ii) the licensee pays commission or compensation to the other person for referring the customer to the licensee,the licensee, before arranging the transaction, disclose to the customer that commission or compensation has been paid to the other person for the referral.

Copyright © 2020, Province of British Columbia