INSURANCE COUNCIL OF BRITISH COLUMBIA
("Council")

IMPROPER ARRANGEMENTS BETWEEN INSURANCE LICENSEES AND THIRD PARTIES

NOTICE

Overview

It has come to Council's attention that one or more motor vehicle dealerships ("Dealership") may be restricting which automobile insurance products a general insurance agent ("Agency") can discuss and offer to the insurance buying public ("client(s)"), as a condition of an Agency being allowed to provide automobile insurance services at their Dealership.

Council is concerned with this activity, since at no time is it appropriate for an insurance licensee to engage in insurance activities in a manner that puts the interests of the licensee or the interests of a third party ahead of those of a client. In fact, doing so represents a conflict of interest that, in Council's opinion, is irreconcilable and contrary to an insurance licensee's responsibility to put the best interests of a client first.

In light of the above, Council is publishing this Notice to remind insurance licensees about some of the requirements surrounding conflict of interest. Although this Notice focuses on certain activities between Agencies and Dealerships, all insurance licensees would benefit from its review.

Fair Marketing

Council believes that, if an Agency (or any of its insurance licensees) enters into an arrangement with a Dealership (or any other third party) to restrict or limit the discussion of insurance products or services with a client, such conduct represents a conflict of interest and is contrary to the public's best interest. Accordingly, any attempt to enter into such an arrangement will reflect on the suitability of the Agency, its nominee(s), and the participating insurance licensees.

Specific examples of conduct that will reflect negatively on the suitability of an insurance licensee include situations where a client:

1. is not informed in a fair manner about insurance products available to the licensee*;

2. is not fully informed about the terms and costs of any proposed insurance product; or

3. is misled to believe he or she is required to purchase a particular insurance product.

Suite 300, 1040 West Georgia Street
P.O. Box 7, Vancouver, B.C. V6E 4H1
insurancecouncilofbc.com
Telephone: 604-688-0321
Toll-Free Within B.C.: 1-877-688-0321
Facsimile: 604-662-7767

* In the case of an insurance licensee who provides provincially mandated automobile insurance coverage for a client through the Insurance Corporation of British Columbia ("ICBC"), Council will be concerned if the licensee offers optional automobile insurance coverage with an insurance company to the client and does not also inform the client about optional coverage available through ICBC.

Monitoring

Council will be taking steps to monitor the concerns outlined in this Notice. This may include soliciting feedback from clients on their experience when purchasing automobile insurance at a Dealership, or implementing a "mystery shopper" program so Council can better observe the insurance activities of Agencies at Dealerships.

Enforcement

In the event that Council learns of conduct that is not serving the public's best interest, the Agency, its nominee(s), and any of its insurance licensees involved in such matters will be subject to investigation, which could result in disciplinary action.

In addition, if Council determines that a Dealership is attempting to restrict or influence the insurance activities of an Agency or its insurance licensees, Council will report the circumstances to the Motor Vehicle Sales Authority of British Columbia. If the issue persists, Council may consider imposing a restriction that would prohibit any Agency from conducting insurance activities at a specific Dealership.

Council expects all insurance licensees to be familiar with and understand the requirements, including the Code of Conduct (the "Code") and its appendices, such as the Conflict of Interest Guidelines for Insurance Agents, Adjusters, and Salespersons.

If you have any questions regarding this Notice or the Code, please contact Regulatory Services by emailing info@insurancecouncilofbc.com or by calling Council's main number and at the prompt press "2".

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