Insurance Council
BRITISH COLUMBIA

NOTICE

ICN 22-001| Rebating Guidelines

February 28, 2022

The Insurance Council of BC is introducing a guideline for licensees engaging in the practice of rebating. The *Rebating Guidelines* clarify the Insurance Council's interpretation of rebating of premiums as set out in Section 79(1) of *the Financial Institutions Act* (the "*Act*") and the allowable amount of a rebate under Section 2 of *the Financial Products Disclosure Regulation,* as well as the Insurance Council's expectations of licensees engaged in the practice of rebating.

Background

Licensees may offer to rebate insurance consumers a portion of their premium to induce the purchase of insurance. While this practice is allowed, licensees who engage in rebating often have varying interpretations of what is permitted under the *Act,* creating inconsistencies in licensees' application of rebating of premiums.

Regulatory Requirements

The *Rebating Guidelines* outline when rebating is permitted and when it is not allowed. Clarification is provided on how to meet the requirements under section 79(1) of the *Act,* including the permitted rebate amount, how to calculate a rebate and the allowable timing of a rebate. The guidelines also explain when a rebate is not allowed, such as using a rebate to induce a client to purchase additional insurance or promising to pay a future rebate. Disclosure requirements and expectations are also provided. All general and life and/or accident and sickness insurance licensees are expected to be aware of and familiarize themselves with this guidance.

Resources

The *Rebating Guidelines* are available on the Insurance Council website. The *Financial Institutions Act* and the *Financial Products Disclosure Regulation* are available through the provincial government's BC Laws website at www.bclaws.gov.bc.ca.

If you have any questions about this Notice, please contact our Practice and Quality Assurance Team at 604-695-2008 or toll-free at 1-877-688-0321 ext. 3 or email practice@insurancecouncilofbc.com.