

## CANADIAN BULLETIN

REF: AD-15-007

<b>DATE</b>	2015-08-20
<b>RECIPIENTS</b>	All Stakeholders writing Accident and Sickness business in British Columbia
<b>SUBJECT</b>	<b>British Columbia: Amendment to Insurance Regulation, B.C. Reg. 403/2012</b>
<b>ATTACHMENT</b>	Appendix – Insurance Regulation, B.C. Reg. 403/2012

<i>Purpose:</i>	To notify stakeholders of amended insurance regulation in respect of rights exercisable by insureds relative to irrevocable beneficiaries
<i>Affects:</i>	All stakeholders writing Accident and Sickness business in British Columbia
<i>Line of Business:</i>	Accident and Sickness
<i>Jurisdiction :</i>	British Columbia
<i>Effective:</i>	In force

**What you need to know?**

Effective June 8, 2015, amendments were made to Insurance Regulation, B.C. 403/2012 applicable to all new and existing accident and sickness insurance contracts that involve an irrevocable beneficiary.

**What's changed?**

The insurance regulation has been amended by adding section 9.1 (attached Appendix) which clarifies rights exercisable by insureds when irrevocable beneficiaries are designated under accident and sickness contracts.

**What does this mean to you?**

Lloyd's intermediaries should ensure that new and existing policyholders are informed and understand their rights when an irrevocable beneficiary is designated.

For further information, please contact [info@lloyds.ca](mailto:info@lloyds.ca)

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## APPENDIX

### *1 The Insurance Regulation, B.C. Reg. 403/2012 is amended by adding the following section:*

#### **Rights exercisable by insured when irrevocable beneficiary designated – life and accident and sickness contracts**

##### **9.1** (1) In this section:

“**contract**” means a contract of life insurance or accident and sickness insurance;

“**exempt policy**” has the same meaning as in Part III of the Income Tax Regulations (Canada);

“**irrevocable beneficiary**” means a person who is designated as a beneficiary irrevocably under section 60 (1) or 118 (1) of the Act.

- (2) This section applies to a contract if the insured has designated an irrevocable beneficiary for a benefit under the contract.
- (3) An insured may, without an irrevocable beneficiary’s consent, exercise a right under a contract if one or both of the following apply:
  - (a) the exercise of the right is required by law;
  - (b) the contract is an exempt policy and if the insured does not exercise the right the contract will no longer be an exempt policy.
- (4) Subject to subsection (5), an insured may, without an irrevocable beneficiary’s consent, exercise one or more of the following rights under a contract:
  - (a) a right relating to any insurance money or benefit to which the irrevocable beneficiary designation does not apply;
  - (b) a right to increase the amount of insurance;
  - (c) a right to add a new insured, or additional coverage, provisions or benefits to the contract;
  - (d) a right to make transfers between accounts or investment options, or to change the type of accounts or investment options;
  - (e) a right to assign the insured’s rights and duties under the contract;
  - (f) a right to add, remove or substitute a revocable contingent beneficiary, if no irrevocable contingent beneficiary is designated;
  - (g) a right to add an irrevocable contingent beneficiary, if no irrevocable contingent beneficiary is designated.
- (5) An insured may not exercise a right under subsection (4) if the exercise of the right
  - (a) reduces the amount of any insurance money or benefit to which the irrevocable beneficiary designation applies, or
  - (b) results in the cancellation or surrender of
    - (i) the contract, or
    - (ii) a coverage, provision or benefit of the contract to which the irrevocable beneficiary designation applies.