

Date	4 April 2023
Recipient	All Stakeholders writing Strata insurance
Subject	New Insurance Council of British Columbia rule with respect to insurance business for a strata corporation when there is common ownership

<i>Purpose:</i>	To inform the Market of the prohibition from selling strata insurance for a strata corporation when there is common ownership
<i>Affects:</i>	All Stakeholders writing strata insurance
<i>Line of Business:</i>	Property
<i>Jurisdiction:</i>	The Province of British Columbia, Canada
<i>Effective:</i>	July 1, 2023

What you need to know

The Insurance Council of British Columbia (ICBC) has issued [Notice ICN-23-001 Conflict of Interest in Strata Insurance Business](#) to advise that effective **July 1, 2023**, licensees are prohibited from conducting strata insurance business for stratas that are managed by the licensees' affiliated property management company.

As a result of this change, the ICBC is introducing a new [Council Rule](#) 7(11.2) to address potential conflicts of interest where a licensed insurance agency or adjusting firm has common ownership with a property management company.

The new Council Rule stipulates that:

“(11.2) A licensee cannot engage in insurance business for a strata corporation when there is common ownership between the licensee and a corporation, business or other entity that provides strata management services as defined by the Real Estate Services Act to that same strata corporation. Common ownership includes ownership arrangements involving holding companies, immediate family, and significant individuals.”

The Rule was created to align with the British Columbia's provincial government's amendments to the [Financial Institutions Act \(Act\)](#) and [Financial Products Disclosure Regulation](#) in order to enhance clarity, transparency, and public protection regarding strata insurance.

What this means to you

All licensees are expected to be aware of and in compliance with the Rule and their duties and obligations under the [Act](#), the [Insurance Act](#) and the Insurance Council's [Rules](#) and [Code of Conduct](#).

Any managing agents, underwriters, Lloyd's brokers, Coverholders, or open market correspondents currently offering or planning to offer strata insurance policies in British Columbia are advised to review and ensure that they adhere to the terms of the new Council Rule 7(11.2).

In addition, we anticipate that other additional provincial regulators will follow suit with this prohibition. Therefore, we advise that all stakeholders should cease to engage in this practice going forward.

For further information, please contact lloydscanada@lloyds.com.

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