



September 2010

TO: Foreign insurers wishing to withdraw from Canada, or withdraw assets vested in trust in Canada, as a result of the recent amendments to Part XIII of the federal *Insurance Companies Act* (“Part XIII”)

The revisions to Part XIII, which effectively changed the federal regulatory focus with respect to foreign insurers from the location of risks to the location of business activities, did not affect the requirement in many provinces and territories (“provinces”) to regulate and licence foreign insurers on a location of risk basis.

Each province must be satisfied that the foreign insurer (i) is no longer carrying on business/transacting insurance or acting as an insurer in the province, and will not in the future do so; and (ii) has adequately provided for the protection of existing policyholders in the province, before agreeing to revoke a foreign insurer’s provincial licence which must occur to complete the withdrawal process.

Foreign insurers considering withdrawing from Canada should contact the provincial regulators in each province where they are licensed. Contact information for regulators across Canada can be found on the CCIR website at: <http://www.ccir-ccrra.org/en/about/members.asp>

The following is a list of some common issues for which the provinces may require. Please note that this list is not necessarily exhaustive, and that more information may be required depending on your company’s circumstances and the jurisdictions in which you are licensed.

Also note that these requirements, where applicable, would also apply to withdrawals of assets held in trust as a result of recent amendments to Part XIII”.

1. Demonstrate that the foreign insurer's business model no longer constitutes carrying on business / transacting insurance in the province, including:
 - a. Is there solicitation or promotion in the province?
 - b. Is there a sales force in the province? Where are negotiations taking place?
 - c. Where are applications for coverage received? When you accept applications for coverage, how do you communicate your acceptance? Where are premium payments paid? Where are inquiries and claims processed?
 - d. Are provincial residents receiving policies in the province? Certificates of coverage?
 - e. Specify liabilities by province currently being reported in the books of the Canadian branch of the foreign insurer (including details on type of liability, premiums collected, continuing benefits being paid etc.)
 - f. Has the foreign insurer any unpaid claims in respect to the insurer's contracts of insurance made in the province?
 - g. Any other relevant details regarding the foreign insurer's intended business model going forward.
2. Have all of the foreign insurer's obligations under contracts of insurance made or deemed made in the province been discharged or expired, or have these obligations been assumed by another insurer? If the contracts were transferred or assigned to another insurer, were the policyholders duly notified? If so, please provide a copy of the notices. Were any objections received from the policyholders? If so, please provide details as to how the objections were addressed.
3. Does the foreign insurer have any outstanding fees or taxes payable to the provincial government?
4. If a life insurer, does the foreign insurer have group insurance with conversion privileges on policies written outside Canada that covers residents in the province? If so, how does the foreign insurer intend to deal with possible future conversions to individual insurance? What arrangements has the foreign insurer made to ensure that any provincial lives covered by group policies continue to be protected by a guaranty fund (e.g. Assuris or its equivalent in a foreign jurisdiction)?