



January 22, 2014
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To: All Licensed Insurance Agencies and Glass Suppliers operating in British Columbia

Re: Information Bulletin INS-14-001: Glass Repair or Replacement Contracts

Enclosed is the Financial Institutions Commission (FICOM) Information Bulletin INS-14-001, which sets out FICOM's expectations around the issuance and sale of glass repair or replacement contracts. The bulletin is applicable to all licensed insurance agencies and glass suppliers operating in British Columbia.

If you have any questions regarding the content of the bulletin, please contact Ms. Lorena Dimma, Director, Market Conduct, at lorena.dimma@ficombc.ca.

Regards,

A handwritten signature in cursive script that reads "Frank Chong".

Frank Chong
Executive Director, Supervisory Support
and Policy

Enclosure

MB/ac

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- Superintendent of Financial Institutions
 - Superintendent of Pensions
 - Superintendent of Real Estate
 - Registrar of Mortgage Brokers

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BULLETIN NUMBER:	INS-14-001
TITLE:	Glass Repair or Replacement Contracts
LEGISLATION:	<i>Financial Institutions Act and Insurance Act</i>
DATE:	January 2014
DISTRIBUTION:	All Licensed Insurance Agencies and Glass Suppliers operating in British Columbia

PURPOSE

To clarify the Financial Institutions Commission (FICOM) position regarding the issuance and sale of glass repair or replacement contracts.

BACKGROUND

FICOM has noted that insurance agents are distributing contracts provided by glass suppliers which agree to repair or replace broken or damaged residential or commercial glass. Generally, these contracts are being sold by insurance agents as part of another insurance transaction, such as a homeowner's renewal, for an additional fee. These contracts are not permitted under the *Financial Institutions Act* (FIA) and cannot be offered or sold in British Columbia.

In British Columbia, contracts which undertake to repair or replace residential or commercial glass in the event of breakage or damage are considered to be property insurance contracts; they are not classified as service or warranty contracts. Such contracts must be underwritten by an authorized insurance company, conform to the requirements for property insurance contracts set out in the *Insurance Act* and sold in accordance with the requirements of the FIA.

FICOM EXPECTATIONS

FICOM requires that on a going-forward basis, any insurance agent or broker offering or distributing glass repair or replacement contracts provided by glass suppliers immediately cease. Insurance agencies seeking to sell glass repair or replacement coverage must ensure that the contract is directly with an authorized BC insurance company and the product complies with the legislative requirements for property insurance contracts.

Glass suppliers are only able to offer warranties on glass that they manufacture or sell. These warranties can only cover repair or replacement of glass in the event of a defect in manufacturing or installation.

Any party found to be offering glass repair or replacement contracts not in compliance with the legislation could be subject to regulatory action.

If there are any questions, please contact FICOM at insurance@ficombc.ca or 604-660-3555.

FICOM staff is available to discuss and review products upon request.

At the Financial Institutions Commission, we issue information bulletins to provide technical interpretations and positions regarding certain provisions contained in the *Financial Institutions Act and Insurance Act*, Regulations and other pertinent legislation. While the comments in a particular part of an information bulletin may relate to provisions of the law in force at the time they were made, these comments are not a substitute for the law. The reader should consider the comments in light of the relevant provisions of the law in force at the time, taking into account the effect of any relevant amendments to those provisions or relevant court decisions occurring after the date on which the comments were made. Subject to the above, an interpretation or position contained in an information bulletin generally applies as of the date on which it was published, unless otherwise specified.