B.C. Insurer Exemption Regulation: Amendment clarifies the scope of an exemption for manufacturers and retailers

October 28, 2025

The British Columbia Financial Services Authority (BCFSA) recently published an advisory announcing an amendment to the *Insurer Exemption Regulation* (IER), which came into force on July 14, 2025.

The amendment clarifies the scope of an exemption for the incidental sale of vehicle and product warranty insurance, specifically addressing how the exemption applies to affiliates and subsidiaries of manufacturers and retailers.

Background

Under British Columbia's *Financial Institutions Act*, entities selling insurance must obtain a business authorization from the BCFSA. The IER provides an exemption for manufacturers and retailers that offer vehicle or product warranties (considered a type of insurance in British Columbia) when sold incidentally to the sale of the vehicle or product.

The exemption also applies to:

- corporations where the manufacturer or retailer is a wholly owned subsidiary; and
- wholly owned subsidiaries of the manufacturer or retailer.

Ambiguity in the definitions led to confusion about the exemption's practical application.

Amendment

To address these issues, the amendment:

- extends the exemption to "a corporation that is a **commonly owned affiliate** of a manufacturer or retailer";

- provides that a corporation is a "**commonly owned affiliate**" of a manufacturer or retailer if all issued shares of both entities are directly or indirectly held by the same person; and
- clarifies that a "**wholly owned subsidiary**" exists when all issued shares of one entity (manufacturer, retailer, or corporation) are directly or indirectly held by another, meaning the subsidiary is entirely owned by its parent company, regardless of whether the parent is a corporation or a manufacturer/retailer.

Contact us

For further information on the legislative amendment, we invite you to contact the authors or any of the key contacts listed below.

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