

## Latest key developments and issues affecting the Canadian insurance industry

This newsletter is prepared by members of the Insurance Group at Stikeman Elliott LLP

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The Insurance Group at Stikeman Elliott notes the following legislative and regulatory initiatives and appeal court cases, which are among the developments and cases most likely to have a significant impact on the Canadian insurance industry over the next year.

### Bill C-37: 2006 Financial Institutions Legislation Review

- based on the federal White Paper released on June 14, 2006
- among other things, the bill proposes to reduce the down payment necessary for a conventional mortgage from 25% to 20%
- for background information [CLICK HERE](#)
- the bill was introduced in Parliament and had its first reading on November 27, 2006, and received its second reading on December 7, 2006, at which time it was referred to the Finance Committee for third reading and debate
- for updated information on the coming into force of the bill [CLICK HERE](#)

### Bill C-57

- introduced in June 2005 to amend the *Insurance Companies Act* (Canada) to make it more consistent with the *Canada Business Corporations Act* with regard to corporate governance requirements
- the first phase of implementation of the bill was proclaimed into force on April 27, 2006
- the second phase of implementation of the bill was proclaimed into force on November 28, 2006
- for full details of the scheduled implementation [CLICK HERE](#)

### Québec AMF Amended Regulations Regarding Disclosure

- the AMF has proposed amendments to "The Regulation respecting Information to be Provided to Consumers"
- these amendments are likely to come into force early in 2007

## **Amendments to the *Insurance Act* (Manitoba)**

- Bill 11 was introduced and had its first reading on November 30, 2006
- the bill amends the *Insurance Act* (Manitoba) to make it more consistent with the insurance acts of other provinces by:
  - changing the corporate governance provisions applicable to insurance companies incorporated in Manitoba;
  - allowing the classes of insurance to be prescribed by regulation; and
  - expanding the provisions allowing beneficiaries to be designated under accident and sickness insurance policies.
- for the full text of the proposed legislative amendments, as well as an explanatory note [CLICK HERE](#)

## **New OSFI Guideline on Reinsurance Agreements**

- on December 8, 2006, OSFI released for comment a draft guideline on Reinsurance Agreements (Guideline B-13)
- the guideline seeks to address an issue OSFI noted during a recent canvass of reinsurance agreements, specifically that there was a disparity in the length of time between the initiation of a reinsurance agreement and formal execution of the agreement by the parties
- comments on the draft guideline are due on January 19, 2007. For the full proposed guideline [CLICK HERE](#)

## **New AMF Guideline on Transferring a P&C Portfolio Between Brokers**

- the AMF will issue both a guideline for the industry and a communication to its employees regarding the transfer of a property & casualty portfolio from one market intermediary to another
- both documents likely to be released early in 2007

## **The Supreme Court of Canada**

- on December 11<sup>th</sup>, the Supreme Court heard two cases in which the Insurance Bureau of Canada was granted intervener status: *Lumbermens Mutual Casualty Company v. Herbison et al* and *Citadel General Assurance Company v. Vytlingam et al*
- both cases concern the extent to which coverage should be permitted under standard automobile insurance policies for losses which are arguably unconnected with the normal use or operation of a motor vehicle
- judgment was reserved in both cases

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Stikeman Elliott will be publishing further periodic updates over the next year on these developments and decisions.

For further information, please contact your Stikeman Elliott representative or any of the authors, [W. Brian Rose](#), [Alan D'Silva](#), [Stuart Carruthers](#) or [Nevinne Hassan](#).

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