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**BULLETIN NUMBER:** INS-06-006

**TITLE:** THE ADJUSTING OF INSURANCE CLAIMS

**LEGISLATION:** *FINANCIAL INSTITUTIONS ACT, Sections 168 and 180; INSURANCE LICENSING EXEMPTIONS REGULATION*

**DATE:** AUGUST 2006

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**PURPOSE:**

The purpose of this bulletin is to bring to the attention of participants in the insurance industry in British Columbia recent changes made to the definition of "insurance adjuster" in the *Financial Institutions Act* ("FIA") and to identify certain exemptions from the requirement to be licensed as an insurance adjuster.

**STATUTORY PROVISIONS:**

On December 31, 2004, as part of a comprehensive review of the FIA, the definition of "insurance adjuster" was amended. Previously, section 168 of the FIA defined "insurance adjuster" to mean a "person who makes any adjustment or settlement of loss of property or damage to property located in British Columbia that is insured by a contract of insurance other than a contract of marine insurance."

As a result of the FIA review the term "insurance adjuster" was broadened. Section 168 of the FIA now defines "insurance adjuster" to mean "a person who makes any adjustment or settlement of a claim under a contract of insurance other than a contract of marine insurance." Readers should note that the definition of "insurance adjuster" is no longer restricted to persons adjusting property loss or damage claims, it now refers to adjustment of all claims other than marine insurance claims.

**EXEMPTIONS:**

Subsection 180 of the FIA states that no person shall act in the province as an

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insurance adjuster or as an employed insurance adjuster unless the person is licensed as such, unless exempted by regulation.

Section 6 of the *Insurance Licensing Exemptions Regulation* provides exemptions from the requirement to obtain an adjuster's licence in certain circumstances. Section 180(1) does not apply to a person who:

- Does not act for compensation or in the hope or promise of compensation;
- Is employed as an expert by an insurance adjuster to make an appraisal or adjustment in a special case;
- Is a solicitor or an employee of one in the solicitor's regular practice of law;
- Is an insurance agent licensee while acting on behalf of an insurer;
- Is the manager or branch manager in the province of an insurer authorized to conduct insurance business in British Columbia or is a salaried employee of that insurer, who in either case is acting for that insurer; or
- Is a government employee or agent in the administration of any program established under the *Insurance for Crops Act* or the *Farm Income Insurance Act*.

**ADDITIONAL INFORMATION:**

Holders of an insurance agent, insurance salesperson, insurance adjuster or other insurance intermediary licence issued by The Insurance Council of British Columbia ("Council") should note that the Council has adopted certain Council Rules that impose other requirements and constraints on the activities performed by its licensees in connection with adjusting activities. Further information concerning Council Rules and other licensing requirements should be obtained from the Council at:

Insurance Council of British Columbia  
300 - 1040 West Georgia Street  
Vancouver, British Columbia  
V6E 4H1

Telephone: 604 688-0321  
Toll-free within British Columbia: 877 688-0321  
Facsimile: 604 662-7767  
Web URL: <http://www.insurancecouncilofbc.com/>

Insurance companies holding business authorizations for this province have a responsibility to ensure that they are not pursuing a course that does not comply with the FIA or its regulations. Accordingly, all insurers should take appropriate steps to ensure that any person that adjusts or settles a claim with respect to a contract of insurance underwritten by them is appropriately licensed or exempt.

An individual who undertakes insurance adjusting activities without holding an adjuster's licence where one is required is considered to be in breach of subsection 180(1) of the FIA. A person who contravenes subsection 180(1) commits an offence under the FIA and is subject to a fine of up to \$2,000. A corporation convicted of such an offence is subject to a fine of up to \$5,000.

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## Contacts

For more information, please contact:

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