

**INSURANCE COUNCIL OF BRITISH COLUMBIA
("Council")**

**DIRECTION TO GENERAL INSURANCE AGENTS ENGAGED IN THE SALE OF
ERRORS AND OMISSIONS ("E&O") INSURANCE**

Council Rule 7(11) establishes the requirement for all insurance licensees to maintain E&O insurance that includes minimum coverage of \$1,000,000.00 per claim and \$2,000,000.00 aggregate ("E&O insurance") that extends to all insurance activities.

All licensees should be familiar with the minimum E&O insurance requirements. With its introduction in 2006, Council has published a number of guidelines concerning an insurance licensee's responsibility to maintain minimum E&O insurance. These include:

- Notice ICN 05-005 (24 June 2005)
- Notice ICN 07-007 (11 September 2007)
- Notice ICN 09-002 (28 April 2009)
- Notice ICN 15-006 (25 June 2015)

As part of its ongoing review of insurance licensees' compliance with the minimum E&O insurance requirements, Council continues to identify licensees who have purchased E&O insurance that does not conform with Council Rule 7(11). As an example, Council recently came across a licensee whose coverage had a limit of \$1,000,000.00 per claim and \$1,000,000.00 aggregate.

While it is the responsibility of each insurance licensee to ensure his or her E&O insurance conforms with Council Rule 7(11), Council believes that general insurance agents engaged in the sale of E&O insurance also have a responsibility to ensure any E&O insurance sold to a British Columbia licensee conforms with Council Rule 7(11).

Council takes this opportunity to remind general insurance agents of their responsibility to ensure that clients receive insurance coverage necessary to meet their needs. Failure to ensure that the minimum E&O insurance is provided to a licensee could bring into question the competency of the general insurance agent responsible for the sale of the E&O insurance.

In future, if Council encounters a licensee with E&O insurance that does not meet the minimum requirements contained in Council Rule 7(11), or the additional guidelines contained in previous Council Notices (see above), it will investigate to determine if the selling general insurance agent acted in a competent manner and in accordance with the usual practice of the business of insurance.

If you have any questions about the regulatory requirements or this Notice, please contact Regulatory Services by emailing info@insurancecouncilofbc.com or calling Council's main number and at the prompt press "2".

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NOTICE