



Oh Canada!

Much has been made of the “changes” in legislation and governance by the Canada Revenue Agency and Provincial Tax Authorities with respect to unlicensed premium taxes and foreign brokers. To clarify, there have not been any changes to the insurance legal requirements rather, due to new financial institution legislation (January 2010), we have seen a strong shift toward full enforcement. This has necessitated strict compliance with Part I of the Canadian Excise Tax Act. The role of the Canadian broker is, therefore, much more significant.

To be tax compliant, every policy that covers **ANY** risk exposure in Canada must be enacted directly through a Canadian broker, with **direct instruction from the Insured**. When a US or Foreign Broker takes instruction from the Insured to bind insurance for Canada, the entire placement is deemed unlicensed, whether or not it is placed with a licensed carrier.

While unlicensed (or non-admitted) insurance is generally permitted in Canada (there are exceptions to this rule), it must be disclosed to Canadian regulatory bodies both Federally and Provincially.

In order for a placement to be compliant and not subject to full taxation, a Canadian broker must work directly with the Canadian client (or the foreign client who has legal responsibility for their Canadian operations) to:

- obtain quotes/proposals from the market,
- present terms/options to the Insured,
- receive instructions to bind,
- issue binders and invoices,
- facilitate the payment of premium and/or taxes, as required, and, deliver policy(ies).

To this end, Preferred Aviation Underwriters has partnered with BFL CANADA to ensure that our mutual clients, by way of their Canadian operation and insurance program, are not exposed to any potential Federal or Provincial tax penalties. Accounts within Canada or with a Canadian exposure will be handled mutually through BFL CANADA and Preferred with coverage forms to dovetail with their domestic policy. Lines of coverage available are; Property, IM, Premises GL and Automobile.

We are excited about this opportunity as Preferred goes “International” to help you meet the needs of your clients.

Highlights

- Property capability up to \$100MM
- Automobile liability limits up to \$2MM
- Pollution liability on fuel trucks with MCS-90 Filing
- World wide ocean cargo coverage

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Contact Us

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