



January 4, 2016  
File No.: 78000-01  
Ref No.: 1398

**To: British Columbia Authorized Reciprocal Insurance Exchanges**  
**Re: Minimum Capital Test (MCT) Audit Requirement**

Further to our letter of [December 4, 2015](#), this letter is to clarify that British Columbia Authorized Reciprocal Insurance Exchanges are exempt from the Minimum Capital Test (MCT) audit requirement.

The Financial Institutions Commission reserves the right at any time to require an audit as a condition of the annual permit. A reciprocal insurance exchange is required to submit documents set out in the [Application for Renewal of Reciprocal Exchange Permit](#) and in accordance with section 187 of the *Financial Institutions Act*.

This exemption is not available if audit requirement is stated as a condition under the reciprocal insurance exchange's annual permit. It is the reciprocal insurance exchange's responsibility to ensure they qualify for an exemption.

Should you have any questions, please contact Tiffany Mak, Senior Analyst, Information Management, at [tiffany.mak@ficombc.ca](mailto:tiffany.mak@ficombc.ca).

Sincerely,

A handwritten signature in blue ink that reads "Stanley Chang".

Stanley Chang  
Director, Information Management

TM/db