



## When revoking a Beneficiary Designation - Be Clear!

**The BC Court of Appeal recently decided on whether a provision in a Will was clear enough to revoke a life insurance policy beneficiary designation. The Court examined both the wording in the Will and the requirements of the Insurance Act of British Columbia (BC) in reaching its decision.**

In *Bassi v. Bassi*, 2013 BCCA 422 (CanLII) Buta Bassi was insured under a life insurance policy. His wife Mandeep and brother Lakhwinder, were named as equal beneficiaries under the policy. Subsequently, Buta included in his last Will and testament a provision that stated "I disinherit my brother Lakhwinder Singh Bassi from any and all of my beneficiaries list (if any) That I might not be aware of." This provision was included after a dispute regarding a loan arose between the two brothers.

When Buta died, the insurance carrier paid the proceeds to Mandeep and Lakhwinder equally because it had no notice of the provisions in his Will. The question arose then as to whether the provision in the Will constituted a valid declaration.

Across the common law provinces, the Insurance Act indicates that the insured may alter or revoke the designation by declaration. However, to be a valid declaration, the requirements under the Insurance Act must be met. Under section 29 of the BC Insurance Act a "declaration" means an instrument signed by the insured that is an endorsement that identifies the contract or that describes the insurance or insurance fund. Lakhwinder contested that the revocation clause in his brother's Will did not constitute a valid declaration as required under the Insurance Act.

The lower court judge found that the language in the testator's Will met the requirements for a "declaration" according to the Insurance Act, and therefore revoked the life insurance designation. The BC Court of Appeal however did not agree with this conclusion. It followed the reasoning in an earlier BC case (*Hurzin v. Great West Life Assurance* (1988), 23 BCLR (2d) 252). In that case, the court concluded that if there is to be a revocation of an insurance designation, it must be in the clearest possible terms. The declaration must be precise enough to leave no doubt that a revocation of the insurance designation is intended. In this case the last Will and testament did not specifically identify the endorsement on the insurance policy, particulars about the insurance contract or any details about the insurance fund. For these reasons, the BC Court of Appeal could not find that a revocation occurred.

The moral of the story in this instance, "clarity" must exist to truly revoke a beneficiary designation.

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