



Insurance Council of Manitoba Policy on Referral Fees

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Recently, Council has received inquiries as to whether referral fees are allowable and if there are any limitations to consider.

Referral Fees

*The payment of referral fees is allowable, provided that the payment, or any other thing of value, is **in no way** tied to the placing of a policy or receipt of commission. If the referral fee is contingent upon the placing of a policy or receipt of commission, this is considered a violation of The Insurance Act of Manitoba, section 378(1).*

The Insurance Act of Manitoba (the “Act”) indicates that:

May not offer compensation to prospect

[378\(1\)](#) No insurer licensed under this Act, and no officer, agent or employee of such an insurer, and no insurance agent authorized under this Act, shall, directly or indirectly, pay or allow, or offer or agree to pay or allow, any commission or other compensation or anything of value to any person for acting or attempting or assuming to act as an insurance agent in respect of insurance in the province or for having or claiming or appearing to have any influence or control over the insured or prospect for insurance unless that person holds at the time a subsisting insurance agent's licence.

No commission if not a holder

[378\(2\)](#) An agent who, at the time he receives an application for insurance, does not hold a subsisting licence, shall not retain or deduct anything on account of commission from any payment made to him with the application, but shall remit to the insurer the full amount paid to him on account of premium.

There is no limit to the amount of a referral fee; except that per the above, it cannot be tied to the placement of an insurance policy – therefore you need to pay the fee regardless of whether an insurance policy is placed. Further, there is no stipulation that the referral fee is payable to a licensed agent.

Please review section 113(1)(f) of the *Act* and section 2 of *Regulation 220/2014* for information relating to permitted inducements for prospective insureds, which is different than a referral fee.

INSURANCE COUNCIL OF MANITOBA

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