



NOTICE

Restricted Insurance Agent Licence Required for Incidental Sellers of Insurance by June 1, 2015

Changes to The Insurance Act of Manitoba (*The Act*) proclaimed September 1, 2014 and the Insurance Agents and Adjusters Regulation 389/87 (the Regulation) provide a regulatory framework for Incidental Sellers of Insurance in Manitoba that is similar to existing requirements currently in place in Alberta and Saskatchewan. Your organization has been identified as requiring a restricted licence to sell incidental insurance products and/or you are a stakeholder connected to such an organization.

The legislation enacted provides sellers of certain insurance products with the ability to become licensed on a restricted basis. To qualify as a restricted insurance agent (RIA), applicants must meet the definition of an Incidental Seller of Insurance in the Act and may sell only insurance that relates to other goods or services already offered to its customers.

Definition of Incidental Seller of Insurance

The Insurance Act of Manitoba, s. 380.1(1) defines an incidental seller of insurance as:

...”a person or entity that, in the course of selling or providing goods or services to its customers or clients, sells, negotiates or arranges insurance, or offers to sell, negotiate or arrange insurance, that relates to those goods or services”.

Effective June 1, 2015, organizations who meet this definition must hold a Restricted Insurance Agent (RIA) licence approved and issued by the Insurance Council of Manitoba (ICM).

Persons or entities that may be eligible for an RIA are outlined in s. 24 of the Regulation and include:

- (a) A deposit taking institution
- (b) A sales finance company
- (c) A person or entity that provides transportation service for people or goods
- (d) A person or entity that carries on the business of a travel agency
- (e) A person or entity that carries on the business of an automobile, watercraft, or recreational vehicle, farm implement or construction equipment dealership
- (f) A mortgage broker that carries on business in Manitoba in accordance with *The Mortgage Brokers Act*
- (g) A person or entity that carries on the business of a customs brokerage
- (h) A person or entity that carries on the business of freight forwarding
- (i) A person or entity that carries on the business of renting vehicles to the public
- (j) A funeral director who holds a licence under *The Prearranged Funeral Services Act*
- (k) A portable electronics vender

Classes or types of insurance for which an RIA may be issued are outlined in s. 25 of the Regulation and include:

- (a) Cargo insurance
- (b) Creditor's disability insurance
- (c) Creditor's life insurance
- (d) Creditor's loss-of-employment insurance
- (e) Creditor's vehicle inventory insurance
- (f) Export credit insurance
- (g) Funeral expense insurance
- (h) Mortgage insurance
- (i) Personal travel insurance
- (j) Portable electronics insurance
- (k) Rented-vehicle accidental injury or death insurance
- (l) Rented-vehicle contents insurance
- (m) Rented-vehicle liability insurance
- (n) Travel interruption and property-loss insurance

A list of classes/types of insurance that may be sold by eligible entities is located on the ICM website.

Licensing Process

The Insurance Council of Manitoba will begin accepting applications for RIA licenses effective February 1, 2015. Applications must be received by April 30, 2015 to ensure processing prior to the May 31, 2015 deadline.

Initial applications must be completed in hard copy, and contain original signatures. The application forms and directions for completion will be located on the ICM website prior to February 1, 2015.

Applications must be signed by a designated official under the licence who is responsible for receiving notices and other documents on behalf of the applicant, and for supervising the insurance activities of the applicant under the restricted licence. An RIA applicant must be sponsored by an insurer who has entered in to an agency contract with the applicant, and is licensed in Manitoba to undertake the class of insurance the applicant has applied for. An RIA applicant may have one sponsor insurer only.

Applicants must provide evidence of liability coverage that satisfies the requirements of Section 371 (1.1) of the Act, unless they are a member of the Canada Deposit Insurance Corporation or are a credit union incorporated under *The Credit Unions and Caisses Populaires Act*. Liability coverage must be maintained as a condition of the licence, and must be a minimum of \$1,000,000 with an overall policy aggregate of at least \$2,000,000. Additional mandatory minimum requirements, including extended reporting, fraudulent acts, and scope of coverage are described in s. 16 of the Regulation.

Applicants will be advised by the Insurance Council of Manitoba if/when they are approved for licensing and will be responsible to activate their licenses through the ICM on-line system.

Specific directions on how to activate an RIA licence will be provided to the applicant once the licence has been approved.

RIA licenses must be renewed prior to June 1 annually. Renewals are administered through the ICM on-line system.

Cost of Restricted Insurance Agent Licence

The initial and annual renewal cost of an RIA licence will be assessed based on the number of employees offering insurance products of the eligible organization as follows:

<u>Number of Employees</u>	<u>Cost of Licence</u>
1-4	\$150
5-10	\$225
11-15	\$375
16-20	\$500
21-99	\$700
100-249	\$1500
250-499	\$3000
500 or more	\$5500

The table of fees is located in the Insurance Agents and Adjusters Fees Regulation 73/93.

Payment for the licence must accompany the initial application.

If the licensed entity is using contract employees or outsourcing, the number of individuals of the other entity authorized to sell incidental insurance products on behalf of the RIA will be included for the purpose of determining the cost of the licence.

Employees of Other Entities

The holder of a restricted insurance agent licence may authorize employees of another entity (qualified entity) to act as an agent for the RIA for the type of insurance specified in the licence. A contract must exist between the RIA and the other entity which provides adequate consumer protection and control by the RIA, and must ensure that the obligations of the RIA under the Regulations and the licence are met. Regulation 389/87 s 27 outlines the requirements with respect to employees of other entities.

Regulatory Committee

The Insurance Council of Manitoba has established an ISI Sub-Committee comprised of (5) Council members to oversee regulatory matters relating to ISI. The Committee invites representatives from those organizations who market incidental insurance products to participate and provide input to the Committee on an "as needed" basis. Participation would be voluntary, and any applicable travel expenses would be the responsibility of the incidental seller of insurance or related organization. Interested parties should forward their name and

qualifications to the attention of Erin Pearson, Executive Director of the Insurance Council of Manitoba at epearson@icm.mb.ca by February 13, 2015.

Changes to *The Insurance Act of Manitoba* relating to incidental Sale of Insurance will be in effect and may be viewed at <http://web2.gov.mb.ca/laws/statutes/ccsm/i040e.php> on January 1, 2015.

Further Information

For further information, including frequently asked questions and answers, please visit the ICM website or contact Stacey Aubrey at saubrey@icm.mb.ca

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