

Bulletin



**December 2006
Council Report**

Insurance Council of Manitoba

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Maternity / Paternity Leave

Update from our
January 2006 Council
Report

Effective May 1, 2006 a reduction of 50% in credit hours is given for maternity/paternity leave for all classes of licences. The agent must advise our office in writing within the first 30 days of going on maternity/paternity leave and receive written consent from our office.

www.icm.mb.ca

Visit our website to access information on licensing requirements, application forms, important notices, news, and much more.

Season's Greetings

The Insurance Councils of Manitoba wish everyone health, happiness and prosperity during the holiday season and in the new year.

Replacement of a Life Insurance Policy

Under certain exceptional circumstances, it has been acknowledged by the Life Insurance Council that it may be of benefit to consumers to delay the full completion of a disclosure statement when the replacement of an existing policy is contemplated. This may be considered by Council under the following conditions:

- Clearly demonstrable risk factors which would reasonably be expected to result in the issue of a modified or declined coverage.
- If the existing policy has been rated or modified, a request for reconsideration of this rating or modification has been made of the existing insurer, and a decision has been reached in this regard.
- No money has been received from the client, and the application has been clearly noted as "trial" only.

Prior to proceeding in this manner, written pre-authorization *must* be obtained from the Insurance Council of Manitoba by applying to Council in writing with full particulars.

A disclosure statement must be completed at the time of the application; however, information with regard to proposed coverage may be omitted. A copy of the partially completed disclosure statement alerting the existing insurer of the potential for replacement must be forwarded within three business days. A notation must be made in the Explanatory Comments section of the Disclosure Statement of this special handling.

Immediately upon receipt of an acceptable offer, a disclosure statement providing full information with regard to both the existing and the proposed coverage must be completed, reviewed with and signed by the client, and forwarded to the existing insurer.

Reliance Model for Reciprocal Licensing

Effective July 4, 2006 Manitoba adopted the reliance model for reciprocal licensing of insurance agents and brokers recently approved by regulators with the Canadian Council of Insurance Regulators (CCIR) and the Canadian Insurance Services Regulatory Organizations (CISRO). Under the reliance model, a host jurisdiction relies on most of the requirements of the agent's or broker's home jurisdiction, but could request that the agent or broker meet further requirements specific to the host jurisdiction. This model will serve as a further step towards promoting increased harmonization in provincial and territorial insurance. The CCIR-CISRO Reciprocal Licensing Standards Committee worked with the insurance industry in developing the model.

The initiative is intended to "more closely" harmonize the requirements for continuing education and errors and omissions insurance for agents and brokers. It is intended to harmonize the requirements faced by agents and brokers who are licensed or want to be licensed in multiple jurisdictions and by insurance companies with agents in multiple jurisdictions. The application forms are available at the CCIR website at www.ccir-ccra.org or you can contact the Insurance Council of Manitoba for further information.

Appointed Council Members



Congratulations to Claude Forest on his recent appointments as Chairperson of the General Insurance Council and as a Member of the Administrative Council.

Claude has served on Council since August 3, 2002.



Congratulations to Gerald (Gerry) Corrigan on his recent appointments as Vice-Chairperson of the General Insurance Council and as a Member of the Administrative Council.

Gerry has served on Council since July 17, 2003.



Congratulations to William (Bill) Stewart on his recent appointments as Vice-Chairperson of the Life Insurance Council and as a Member of the Administrative Council.

Bill has served on Council since August 3, 2002.



Congratulations to Don Jodoin on his recent appointments as Vice-Chairperson of the Insurance Adjusters Council and as a Member of the Administrative Council.

Don has served on Council since August 3, 2002.

Welcome to our new General Insurance Council Members

Council would like to welcome Judith (Judy) Bertrand and Cheryl Madden as recent appointments to the General Insurance Council effective July 1, 2006.



Judy obtained her brokers licence in 1980 following completion of her B.A. at the University of Manitoba. She initially began her insurance career as a Personal Lines / Auto underwriter with Royal Insurance, leaving Royal in 1982.

She continued to work as a broker for the next 23 years, for various agencies in rural Manitoba and the city of Winnipeg. Judy attained her A.I.I.C. in 1985.

Judy is currently enjoying her position as a Commercial Underwriter with Wawanesa Mutual Insurance Company.



Cheryl grew up on a farm near MacGregor, Manitoba. She began her insurance career in 1980 working for a Managing General Agent. She has been with Grain Insurance and Guarantee Company since 1988 and is currently Vice President – Underwriting.

Cheryl and her husband Paul enjoy living in St. Boniface and are kept busy with their two daughters who are ages 8 and 11.

Welcome to our new Insurance Council Members

Effective December 1, 2006, Council is welcoming five new Council Members: three to the Adjusters Council, one to the General Council, and one to the Life Council.

The new Council Members are: Elaine McCracken of Cunningham Lindsey Canada Limited, Jacqueline Desrochers of Crawford Adjusters Canada, Susan Durnin of CGI Adjusters Inc., Rosemary Henderson of Milnco Insurance Agency, and Nemesio Juan, an independent life insurance agent.

Biographies on these new Council Members will be in the next edition.

Good-bye to Council Members who have completed their term of appointment

The Minister of Finance appointed a total of seven new Council Members to the three industry councils effective July 1, 2006 (two new members) and December 1, 2006 (five new members).

On behalf of the Councils and the staff, I would like to extend our heartfelt thanks to those members who have completed their term(s) of appointment. On the General Insurance Council, three members were replaced - Ernie Gilroy, Ellen Duncalfe and Janet Sabourin-Gatin. I thank you for your dedication toward making Council the organization that it is today. On the Life Insurance Council, one member was replaced - Randy Viray. Randy's exceptional efforts in the conduct of regular and special meetings and hearings are acknowledged and appreciated. On the Insurance Adjusters Council, three members were replaced - Leann Hathaway, Susan Thain and Pauline Sackvie. I wish to thank you for the years of dedicated service to Council issues.

Each of these Council members will be greatly missed. For the licensed members, their knowledge of the insurance industry, developed through their own professional insurance dealings was essential to the fulfillment of the Council's mandate. For the public members, their continued input and assistance from a consumer perspective kept Council well balanced in our pursuit of consumer protection in the Province of Manitoba. You are commended for your ongoing professionalism and dedication to Council business. I thank you for your consistent co-operation, assistance, and ongoing support over the years. I also thank you for accepting the challenge of increased workloads and responsibilities and for your tireless involvement on special committees and/or projects. Your contributions were valuable and I will miss your involvement with our office.

I would like to welcome our new Council Members and look forward to working together to heighten Council operations in the future.

Lois Broder
General Manager
Insurance Council of Manitoba

Criminal Record Checks

Council has received numerous Criminal Record Checks that have not been signed by the applicant. This prompts Council to return them to the applicant for a signature which can drastically slow down the licensing process.

Please ensure that you have signed your Criminal Record Check before submitting your form to Council. Forms will not be considered valid unless the Criminal Record Check is signed.

Licensing Application Forms

We have recently updated our application forms for all licence classes and will now only be accepting these most recent application forms from applicants. All other application forms will be returned to the applicant for completion of the new form. This will slow down the licensing process considerably.

The licensing application forms are available on our website under *Printable Forms* and we ask that you make certain you have the most current application form before submitting it to our office.

If you have any questions or concerns, please contact our office at contactus@icm.mb.ca.

Disciplinary Decisions

Ricardo Alcera - Council determined that this Life Insurance Agent pay a fine in the amount of \$1,000 and partial investigation costs of \$500 for falsely attesting to having obtained the required continuing education credit hours on a licensing application.

Michelle Barrie - Council determined that this General Insurance Agent be allowed a licence with conditions, imposing exceptional supervision and reporting requirements by the agency, requiring full restitution to her former employer and assessing partial costs of \$1,000.

Crossroads Insurance - Council determined that this General Insurance Agency was allowing unlicensed individuals to transact insurance business within the agency. The agency was fined \$2,000 and ordered to pay partial costs of the investigation in the amount of \$750.

Dorion Insurance Agency - Council determined that this General Insurance Agency was allowing unlicensed individuals to transact insurance business within the agency. The agency was fined \$2,000 and ordered to pay partial costs of the investigation in the amount of \$750.

Alain Durand - Council determined that this former Life and Accident & Sickness Insurance Agent pay a fine in the amount of \$1,000 and partial investigation costs of \$500 for unlicensed activity, holding out and offering an inducement. This decision was appealed to the Provincial Licensing Appeal Board. The Board upheld the decision of Council, and awarded additional costs in the amount of \$500, bringing the total costs payable to \$1,000.

Ivan Kocen - Council determined that this Life Insurance Agent pay a fine in the amount of \$500 and partial investigation costs of \$250 for improper completion of disclosure statements.

Nada Kovacevic-Boca - Council determined that this Life and Accident & Sickness Insurance Agent pay a fine in the amount of \$500 and partial investigation costs of \$500 for misrepresentation of compliance with the continuing education credit hour licensing requirement.

Duncan Marrese - Council determined that this Life Insurance Agent be suspended for two weeks as well as fined \$2,000 and assessed partial investigation costs of \$750 for failure to complete a disclosure statement,

charging a fee on a policy upon which a commission was payable, and multiple violations of the Life Insurance Agent Code of Conduct including Section 1 "Priority of Policyowner Interests", Section 6 "Replacement", Section 10 "Good Faith and Compliance with Law" and Section 12 "Intimidation".

William Martin - Council determined that this Life Insurance Agent pay a fine in the amount of \$1,000 and partial investigation costs of \$500 for failure to obtain proper documentation of authorization prior to accepting a request for withdrawal of funds.

Hart Pollack - Council determined that this Life and Accident & Sickness Insurance Agent pay a fine in the amount of \$500 and partial investigation costs of \$250 for misrepresentation of compliance with the continuing education credit hour licensing requirement.

Jerry Prucha - Council determined that this Life Insurance Agent be fined \$1,000 and assessed partial investigation costs of \$500 for misrepresentation of material information on a licensing application.

Iris Sapinski - Council determined that this Life Insurance Agent pay a fine in the amount of \$500 and partial investigation costs of \$250 for misrepresentation of compliance with the continuing education credit hour licensing requirement.

Alma Sulit - Council determined that this Life Insurance Agent be suspended for two weeks as well as fined \$750 and assessed partial investigation costs of \$500 for misrepresentation to Council, failure to properly assess insurance needs and obtain essential information concerning insurance coverage.

Cheryl Termeer - Council determined that this General Insurance Agent/Broker be fined \$1,000 and assessed partial investigation costs of \$250 for unlicensed activity for a period of two months due to failure to renew her licence.

A **general insurance agency** was fined the sum of \$500 and was ordered to pay investigation costs of \$500 on account of errors made by two formerly licensed employees.

Warning

The use of any information in this Council Report to discredit another licensee, or any other person, is not permitted and may result in disciplinary action against a licensee using the information in such a manner.

Continuing Education (CE) Renewal Application Supplement Form

This past renewal, there were **numerous** discrepancies on the *Continuing Education Renewal Application Supplement* form which ranged from submitting the wrong number of credit hours a course was worth to not attending a course, although agents attested to the fact they had attended.

Caution letters were sent to several agents/brokers of all classes of licences reminding them of the importance of the completion of all application forms including their *Continuing Education Renewal Application Supplement* form, and a number of agents were levied fines and costs for improper completion.

Agents are reminded that this is not an exercise without meaning, and for professionals who complete forms for a living, it appeared that there was a lax and cavalier attitude in the completion of the *Continuing Education Renewal Application Supplement* form. This is an important part of your ongoing registration with the Insurance Council of Manitoba.

Failure to provide accurate and complete continuing education credit hour course information (provider name, course name, date completed and number of credit hours) is a misstatement of a material fact, and may be subject to disciplinary action. In addition to a fine for misrepresentation, if an agent/broker has not completed the required continuing education credit hours, the agent's/broker's licence will be suspended until such time as this requirement is satisfied.

Beginning next renewal (May 2007), if Council receives an incomplete or improperly completed *Continuing Education Renewal Application Supplement*

form, the form will be returned to the agent/broker for correction, along with a cost assessment of \$50.

In addition, if the licence is cancelled due to incomplete credit hours, there will be an additional \$70 reinstatement fee required from the agent/broker should they wish to continue with their licence. If you are called upon as part of the audit process, you will be required to submit ORIGINAL DOCUMENTATION which will be returned to you after verification. Fax and/or emailed certificates will NOT be accepted. False documentation will result in disciplinary action.

Council would like to take this opportunity to remind all licensed agents/brokers of the following:

- the information must be true and accurate
- the course provider(s) indicated must be approved by our Council and should be confirmed prior to the agent/broker registering for the course (this can be verified on our website under "Continuing Ed" under the heading "Pre-Approved Course Providers")
- upon request by Council, the agent/broker must provide original proof of completion of the credit hours
- all certificates submitted to Council for audit purposes must match what was declared on the *Continuing Education Renewal Application Supplement* form
- it is an offence under *The Insurance Act* to make a material misstatement

Frequently asked questions regarding CE credit hours can be found on our website under "Continuing Ed". Additional inquiries can be submitted to Sandi Saluk, Licensing Officer, at ssaluk@icm.mb.ca.



Evaluation Forms Life and Accident & Sickness

Each participant at each course must be provided with a *Seminar/Course Evaluation Form* at the conclusion of each seminar/course and should be instructed to forward it to Council. This includes online and self-study courses. This form is a single page and will take virtually no time to complete. Some organizations may have their own evaluation form; however, we require our own evaluation form to be distributed to participants for each seminar/course that is provided by the course provider, if the participant is using credits for their Manitoba Licence. Participants can email their completed evaluation form to the ICM office at ssaluk@icm.mb.ca or send it by fax to (204) 988-6801. Please note that you are not required to submit your certificate of completion from the course unless requested to do so.

Completion of Continuing Education (CE) Certificates by Approved Course Providers

Certificates must be issued to a participant immediately which means within a reasonable period of time. A participant should not be requesting their certificate 15 days or more after the seminar/course is completed and providers should be in a position to mail them out within a week of the course completion.

Continuing Education Certificates will only be accepted by Council if they include the following information:

- attendee's name
- number of ICM credit hours
- name and date of the seminar/course
- name of course provider

If an agent presents a certificate to us and it is missing any of those noted bullets, we will simply advise the agent that the certificate is not valid as it is incomplete.

In addition, as a result of incomplete certificates, the approved course provider status will be revoked.

Frequently asked questions regarding CE credit hours can be found on our website under "Continuing Ed". Additional inquiries can be submitted to Sandi Saluk, Licensing Officer, at ssaluk@icm.mb.ca.

FINAL REMINDER - Life Licence Qualification Program

This is a reminder that the transition period for the Life Licensing Qualification Program (LLQP) ends on December 31, 2006. As a result, both Part A and Part B LLQP qualifying examinations will no longer be available after that date, for any reason. This will also apply to rewrites. You must ensure that you have met with the completion of Part B prior to December 31, 2006 or your licence will be automatically suspended.

Managing Conflicts of Interest

On February 13, 2006, the Canadian Council of Insurance Regulators (CCIR) and the Canadian Insurance Services Regulatory Organizations (CISRO) released *Managing Conflicts of Interest: A Consultation Paper on Enhancing and Harmonizing Best Practices*. The consultation paper presents three principle-based recommendations that focus on marketplace outcomes:

- 1) Priority of the client's interest: An intermediary must place the interest of policyholders and prospective purchasers of insurance ahead of his or her own interests;
- 2) Disclosure of conflict or potential conflict of interest: Consumers must receive disclosure of any actual or potential conflict of interest that is associated with a transaction or recommendation; and
- 3) Product suitability: The recommended product must be suitable for the needs of the consumer.

CCIR and CISRO finalized the three principles and agreed that the Industry Practices Review Committee (IPRC) will continue to monitor implementation. The objective of Council is to ensure that conflict of interest continues to be managed in a way suitable to today's marketplace and to support consumer confidence.

The insurance sector supports these principles and a number of associations have been actively producing helpful resources. Agents are encouraged to use these resources as they become available. You may also be called upon in the new year for participation in assessing the degree of application of these principles in the marketplace. Additional details will follow.

Wishing you and yours all the best this holiday season.

Happy Holidays