

Spring Report



April 2006 Council Report

Prudent Business Practice – General Insurance Agents

From time to time, general insurance agents are asked by clients to make certain changes to their policies which do not require a written amendment to the application. It is prudent business practice to not only maintain clear documentation of any such changes on your file, but also ensure these changes are specifically confirmed in writing to the client once they have been made.

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.

Insurance Council of Manitoba

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Licence Renewal

The Insurance Council of Manitoba will be processing approximately 6,700 renewals for agents and brokers before May 31, 2006.

RENEWAL DOCUMENTATION IS ENCLOSED

Please ensure that you read over the instruction sheet that is enclosed with your renewal forms and follow the instructions CAREFULLY to avoid needless delays. Ensure that the appropriate fees and all required documentation is attached to your completed renewal forms. **The licence fee is indicated in the top right corner of each renewal form.**

If an application is received without fees or is not properly completed, your renewal will not be processed or reviewed and will be returned to you for proper completion.

If you are amending your agency name or sponsoring insurer, you **MUST** complete a new 4-page application form in full with the insurer's signature. (All application forms are available on our web-site.)

We will **NOT** accept renewal forms after May 31, 2006. On June 1st you will be required to complete a new application form in full and have it signed by your insurer.

Revocation of two Continuing Education Accredited Course Providers

1. Knights of Columbus has been revoked Accredited Course Provider status effective September 16, 2004. The Council determined that the sessions that Knights of Columbus were holding did not qualify under the Accreditation Guidelines for Continuing Education Course Providers, and that Knights of Columbus were unable to comply with audit requirements by providing specific information with regard to course content.
2. AIC Limited (Group of Funds) has been revoked Accredited Course Provider status effective February 1, 2006. The reason for revocation was due to the manner in which attendance was monitored and certificates were distributed. They did not comply with the ICM Accreditation Guidelines for Course Providers.

Continuing Education Certificates will be accepted by Council from licensees who attended an AIC course/seminar that was taken prior to February 1, 2006.

Any questions regarding the above can be directed to Sandi Saluk, Licensing Officer, at the Council office at (204) 988-6800 or by email ssaluk@icm.mb.ca.

Warning Regarding Unlicensed Activity

Council plays a vital administrative role in a comprehensive statutory regime involving **mandatory** licensing, regulation and oversight. Consumer protection, and the integrity of the insurance industry, are thereby promoted and maintained. Licensing Rules, which provide for educational and course requirements, eligibility prerequisites and classification levels, are an important and ongoing part of that process. Governing Codes of Conduct for licensed individuals, by specific sector, and mandatory errors and omission insurance coverage for all licensees, are also key features of this scheme.

The system of Agent/Adjuster licensing is designed to protect the public by insuring that consumers are served by competent and educated agents. The Insurance Council of Manitoba has recently noted an increase in the number of compliance issues where there is evidence that insurance business is being written by unlicensed individuals.

Unlicensed individuals have not met the minimum educational standards set for them; are not meeting continuing education and errors and omissions insurance requirements; have not been found suitable to hold a licence by the Council and have not met with the agent's professional standards outlines in the Codes of Conduct.

It is an offence to transact the business of an insurance agent or broker in the province without holding a valid insurance agent licence. Knowingly allowing, or being

involved with a person who is found to be acting as an agent or broker while not properly licensed to do so could jeopardize the licence of the individual involved.

It is also an offence for an agent to pay commission or other compensation or anything of value to any person for acting or attempting or assuming to act as an agent in respect of insurance in the province unless that person holds at the time a subsisting insurance agent's licence.

Council has repeatedly reminded agents and agencies in the past that this cavalier attitude toward licensing will not be treated lightly. Such action denies consumers the protection which the law intends them to have and is viewed by Council very seriously.

Agents/Brokers are required to carry on business in the utmost good faith and in conformity with the provisions of the Insurance Act, Regulations, Licensing Rules and the Codes of Conduct. The standard of utmost good faith includes, without limitation, the absence of any concealment or deception.

To prevent problems down the road, ensure that YOU and your staff treat licensing requirements as a priority.

www.icm.mb.ca



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

Audit of Continuing Education Accredited Course Providers

The Insurance Council of Manitoba will be conducting a random audit on Continuing Education Accredited Course Providers to ensure they are complying with the Accreditation Standards and that the course content and quality of the curriculum meets with our guidelines.

Course Providers are responsible for ensuring the material is meaningful and relevant, and is not based on sales production, promotion or motivation. They must also verify the qualifications of the individual instructors and monitor the effectiveness in the delivery of the material, and must have and maintain attendance registers for Council verification.

Assigning credit hours to a course must be fair and also in accordance with the guidelines. Those providers selected for course audit must be in a position to furnish our office with:

- Names of all courses which were provided within the licensing year
- Course dates
- Details of the material presented in each course
- A list of all attendees at each course
- The number of credit hours that were assigned for each course

In accordance with the requirements for Accredited Course Providers, should it be determined that you have not complied with your undertaking as agreed, Council reserves the right to withdraw Accredited Course Provider status.

Reminder to Agents

All general insurance agencies must have a minimum supervising Level 2 staffed at each agency location. It has been noted that offices are operating with Auto Only Brokers and/or Level 1 agents only. These individuals are required to be supervised and the Designated Representative of the agency will be held accountable if a supervising Level 2 or Level 3 licensee is not on location.

All life insurance agents must be supervised for the first two years in the business. Council requires prompt notification if an agent is changing his/her supervising agent. To be eligible to be a supervising agent, an individual must hold a valid full life insurance agent licence and have held this licence for 3 consecutive years. The supervising agent must also be currently licensed in Manitoba.

The duties of a Supervising Agent include but are not limited to:

- Reviewing all insurance related material used or prepared by the agent that they are supervising
- Ensuring that the insurance being applied for is appropriate to the needs and circumstances for each applicant and/or insured
- Compliance with the Licensing Rules
- Overseeing all duties that the agent performs in addition to the above

All insurance agents/brokers should be aware of the rules in force.

Termination of Agency Affiliation / Sponsorship

When an agent/broker leaves the employ of an agency or insurance company, the *Insurance Act of Manitoba* requires that Council be notified **immediately** of the termination, along with reason and effective date. There is no justification for termination notices to be received weeks or months after the fact.

Immediately means just that. Council is reminding agencies and insurers both that it is an offence under the Act for anyone who omits to do any act required. As this has been an ongoing problem, Council will be ensuring that compliance is maintained with respect to immediate notification of terminations.

Termination of Errors and Omissions coverage should be noted in the letter if the agent/broker is covered under an agency's or an insurance company's professional liability policy.

Disciplinary Decisions

Garriock Agencies Ltd. - Council determined that this General Insurance Agency was allowing unlicensed individuals to transact insurance business in the agency. The agency was fined \$2,000.00 and ordered to pay partial costs of the investigation in the amount of \$750.00.

Reider Insurance Services - Council determined that this General Insurance Agency was allowing unlicensed individuals to transact insurance business in the agency. The agency was fined \$2,000.00 and ordered to pay partial costs of the investigation in the amount of \$750.00.

Nigel Ramjohn - Council determined that this former licensee is unsuitable to hold a General Insurance Agent/Broker Licence based on contravention of the Insurance Act of Manitoba, Sections 113(1)(i) and in accordance with the provisions noted in Section 371(2).

Appointing a New Designated Representative (D/R)

General - The individual who wishes to be appointed as the new D/R will be required to complete a new corporate application in full, including the insurer's signature. We require the previous D/R to submit a letter advising why they are leaving the position and if they are to remain licensed in that agency. If they wish to remain licensed, they will be required to complete an "Individual" application including the new D/R's signature.

Life and Accident & Sickness - The individual who wishes to be appointed as the new D/R will be required to advise Council in writing. If this licensee is currently licensed within the agency, Council does not require an amendment fee. However, if this person is amending from another office the amendment fee will be required. We require the previous D/R to submit a letter advising why they are leaving the position and if they are to remain licensed in that agency.

For a schedule of fees, please go to www.icm.mb.ca.

Reminders

Only 1 Application Required

Council requires applicants to submit only one (1) application, if applying at the same time, for both a Life and an Accident & Sickness Insurance Agent Licence - if the sponsoring company for both licenses is the same. If an applicant is applying at separate times for their Life and Accident & Sickness licenses (for example, an applicant applies for their life licence in May and applies for their accident & sickness licence in June) or is having two different companies sponsor their Life and A&S licence, then we would require two (2) separate applications fully completed.

Business Address on Applications

When completing the application forms, we require the **business address of the office where you physically will be working**. Some applicants are giving us the Head Office address of the agency/company that they are working for. This is only relevant when you are working directly out of that Head Office.

Criminal Record Checks

Original Criminal Record Checks must accompany first applications for licensing that are received by Council. The requirement to provide verification of a criminal record applies to individuals seeking a general, life, accident & sickness, or adjuster licence, where:

- The person has never held a licence with Council; OR
- The person has not held a general, life, accident & sickness, or adjuster licence with Council within the past year.

Individuals who are submitting renewal or transfer applications are not required to obtain Criminal Record Checks **unless**, since the date of the last application, the individual has been convicted of a criminal offence, received an absolute or conditional discharge, or if the individual has been requested by Council to submit one.

Regardless of where you reside (in Manitoba or outside of Manitoba), it can take some time to obtain this information so start the process early.

When completing your licence application, ensure you read the application instructions carefully, as you are still required to disclose complete details of your criminal record on the application form.

How to Apply for a Criminal Record Check

- Contact your local RCMP detachment or municipal police department prior to your visit to determine the processing requirements, cost of the service, and hours the service is available in your jurisdiction.
- If you are requesting a Criminal Record Check from the RCMP, in the *Category of Information for Disclosure* you must request Categories 1, 2, 3, and 4.
- If the search indicates a *criminal record may or may not exist*, Council requires an original criminal record printout, which is different from a Criminal Record Check. The Winnipeg Police Department/RCMP will fingerprint you to complete this process.

It can take some time to obtain this information so **start the process early**. Council will only accept a (CPIC) through the Canadian Police Information Centre. It is the only national information-sharing system in the country, and allows over 60,000 law enforcement officers to access a central computer from over 15,000 access points from coast to coast. For American applicants, you will be required to provide a (NCIC) available from the U.S. National Crime Information Center in Washington, DC.

**As a reminder, Criminal Record Checks are only valid for six (6) months from the date of issue.*

You must also disclose details of all convictions, or current charges under any law of any province, state or country, including but not limited to:

- Offences under federal statutes, such as the *Income Tax Act* and the *Immigration Act*;
- All Criminal Code offences (**including** impaired driving);
- Offences for which an absolute or conditional discharge has been granted

Applicants Who Are Not Permanent Residents or Citizens of Canada

Applicants who are applying for a General, Life and/or Accident & Sickness Insurance Agent Licence who are not permanent residents or citizens of Canada are able to hold an insurance agent/broker licence. However, the applicant must go through an approval process. This will entail a fully completed application, original Criminal Record Check (if charges or convictions appear a fingerprint check must be done) and an original Work Permit along with a copy of the applicant's Social Insurance Number (both front and back of the card).