

## Proposed Regulatory Framework

### Organizations which may be eligible for a Restricted Insurance Agent Licence

- a) a deposit taking institution;
- b) a financing corporation;
- c) a mortgage broker;
- d) an operator of any of the following:
  - (i) a travel agency
  - (ii) an automobile dealership, a marine dealership, a recreational vehicle dealership, a farm implement dealership or a construction equipment dealership
  - (iii) a customs brokerage
  - (iv) a freight forwarding business
- e) a transportation company;
- f) a funeral services business;
- g) a real estate agency;
- h) a car and truck rental agency or business;
- i) an agent of a business or operator mentioned in (a) to (h) who is engaged by that business or operator through an agency contract that, in the opinion of the superintendent, provides adequate authority for the agent to meet the obligations of a restricted licensee on behalf of the business or operator; and
- j) other enterprise or business upon application to and subject to prescribed conditions and restrictions specified by the superintendent and subject to the approval of the superintendent

### Classes/Types of Insurance for which a Restricted Insurance Agent Licence may be issued

- (a) cargo type 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) equipment insurance;
- (g) export credit insurance;
- (h) mortgage insurance;
- (i) personal life insurance (restricted basis);
- (j) travel insurance; and
- (k) any other class or type of insurance that, in the opinion of the superintendent, is similar to or contains significant features of any of the classes or types of insurance noted in (a) to (k)

### Proposed Requirements for a Restricted Insurance Agent Licence

A person applying for a Restricted Insurance Agent Licence must:

- (a) provide written recommendation from an insurer recommending the issuance of the restricted licence. This insurer must be licensed to undertake that class of insurance and have entered into a distributor/agency contract with the applicant;

- (b) provide evidence that the business is registered with the Companies Office of the Government of Manitoba unless exempt from such registration requirement;
- (c) designate a person who is employed by the business to be responsible for receiving notices and other documents;
- (d) have reasonable and demonstrable policies and procedures to ensure that employees of the restricted licensee who are soliciting, negotiating or effecting insurance for the restricted licensee are knowledgeable, competent and suitable with respect to the insurance product being solicited, negotiated or effected and ensure that the policies and procedures are being used;
- (e) maintain a record of all persons authorized by the restricted insurance agent to act in the transaction of an authorized insurance product. The record must show the full name of the person, the date the person was added and/or the date the person is deleted and the business location and address from which the person will be acting in the transaction of the authorized product; and
- (f) provide evidence of a valid policy of errors and omissions insurance that meets the requirements of the Insurance Council and is broad enough to cover the insurance products for which the restricted licence will be issued except where specifically exempted. This section does not apply to banks, credit unions, loan corporations or trust corporations or to any member institution of the Canada Deposit Insurance Corporation.

#### **Compliance Responsibilities of the Holder of a Restricted Insurance Agent Licence**

A Restricted Insurance Agent must:

- (a) promptly notify Council if the person designated is no longer employed by the organization and is unable to discharge the responsibilities expected of the designated person;
- (b) ensure compliance with required reasonable policies and procedures;
- (c) provide annual licensing report at annual renewal of licence;
- (d) ensure the record of employees is current; and
- (e) maintain and be able to provide annually proof of valid errors and omissions coverage that meets the requirements of the Regulations and is broad enough to cover the insurance products for which the licensee is licensed to sell except where specifically exempted.

A Restricted Insurance Agent must not:

- (a) participate in the transaction of insurance products other than the product authorized on the agency's licence
- (b) permit an employee to participate in the transaction of an insurance product unless the seller is on record as authorized to sell the product, and has been sufficiently trained to ensure knowledgeable advice is provided to the consumer;
- (c) permit an employee to tell the consumer that the consumer is required to purchase the insurance product; and
- (d) permit any seller to advise the consumer that an insurance product must be purchased from the organization or through an insurer specified by the organization.

### **Obligations of a Restricted Insurance Agent to Disclose information**

A Restricted Insurance Agent must, prior to permitting a seller to complete an application for an insurance product, ensure that the consumer receives notice that:

- (a) the consumer is contracting with the insurer and not with the agency;
- (b) the consumer is not obligated to purchase the insurance product;
- (c) sets out the terms, including limitation and restrictions of the insurance product; and
- (d) sets out the circumstances under which the insurance product commences or terminates and the procedures to follow in making a claim

In addition to the disclosure set out in (a) – (d) above, where any compensation, inducement or benefit may be received from an insurer, directly or indirectly, for selling insurance, this fact must be disclosed to the consumer

A Restricted Insurance Agent must, where an insurance product is purchased:

- a) ensure that the consumer is sent an insurance policy, or in the case of a contract of group insurance, a certificate of insurance evidencing the insurance product; and
- b) inform the person buying insurance of the name of the insurer and how that insurer may be contacted.