



Agent Activity Requires a Licence

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Recently, the General Insurance Council (Council) reviewed information where Finance Managers at auto-dealerships were meeting with customers who purchased a vehicle, and were completing an application of insurance on the consumers behalf within an agency portal. A licensed agent was not involved in this process, and the Finance Manager was effectively acting within the definition of an agent during this process.

A licensed agent is the only individual that can offer and transact insurance; *The Insurance Act* of Manitoba and its Regulations do not allow for a third party to be involved in the transaction of an insurance application. Following review of this process, the Council determined that this process does not fit within the Insurance Council of Manitoba (ICM) framework, is not in the best interest of the consumer (the process does not provide the same level of protection for the consumer that speaking with a licensed agent would provide), and was to be immediately discontinued.

By licensing agents, brokers and adjusters, ICM ensures adequate education and experience standards are met and continued, and that individuals are financially reliable by maintaining continuous professional liability insurance (Errors and Omissions coverage), in order to protect the public.

The *Act* defines an “**agent**” as a person who for compensation

- (a) solicits insurance on behalf of an insurer,
- (b) transmits for a person other than the agent an application for or a policy of insurance to or from an insurer, or
- (c) acts, or offers or assumes to act, in the negotiation of insurance or in negotiating the continuance or renewal of an insurance contract other than a life insurance contract; (« agent »)

Any activity falling within the definition of an agent must be done by a licensed individual, as unlicensed activity is prohibited by sections [369\(1\)](#) “*Not to act without licence*” of *The Insurance Act* of Manitoba.

An Operating Agent is responsible for the management of the agency which includes all of the insurance activities of the agency. Should an agency allow unlicensed individuals to act within any part of the definition of an agent, the licensed Operating Agent at the agency would be held accountable. We recommend all Operating Agents review the [Guiding Principles Handbook](#).

If you have any questions regarding the licensing process, or whether a licensed agent may be required in a transaction with a consumer, please contact the ICM office.

INSURANCE COUNCIL OF MANITOBA

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