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Council Report

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Access information on licensing requirements, application forms, important notices, news and much more!

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Incidental Sale of Insurance "ISI"

The Insurance Council of Manitoba has been advised that draft Regulations are currently being finalized with respect to the regulation of intermediaries involved in the sale of incidental insurance products. Stakeholder consultation by the Department of Finance of the draft Regulations is expected in the very near future.

A FULL LIST OF ICM STAFF AND THEIR POSITIONS IS LOCATED ON THE ICM WEBSITE

How can we help you?

If there are any issues or questions that you would like to see addressed in the Council Report, please write or email us at:

contactus@icm.mb.ca

WELCOME To New Council Members

THE INSURANCE COUNCIL OF MANITOBA would like to welcome the following Council Members as recent appointments to the Life Insurance Council, General Insurance Council and the Insurance Adjusters Council



Tim Bromley began his career in the adjusting field in 1989 and is currently a partner in J.P. Hamilton Adjusters Ltd. Tim is a past president of the Manitoba Insurance Adjusters Association, past president Manitoba Region of the Canadian Independent Adjusters Association, and has been involved in community work including the Variety Children's Heart Centre and the Children's Wish Foundation.

Sonja Doran has 23 years experience in the financial services industry beginning with banking in 1989 and moving to insurance in 2001. Through her banking experience, Sonja worked closely with clients, assisting them with their lending, investing, and other banking needs. Sonja currently works at Great-West, managing the team responsible for the licensing, contracting and compensation for advisors and field management. Sonja enjoys traveling, reading, spending time with family and friends and she has 2 grown sons.



Grant Rerie has worked as a staff or independent adjuster since 1980. He is currently the Regional Manager with S.J. Kernaghan Adjusters Ltd., and a member of the Manitoba Insurance Adjusters Association, the Canadian Independent Adjusters Association and the Canadian Association of Fire Investigators.

Wendy Stumpf has been a licensed general insurance agent since 1988, and currently works with MIG where she is a member of the MIG personal lines management group and responsible for supervision of two MIG locations including sales, client servicing, inventory management, accounts payable, and recruitment, training and performance managing of staff. Community activity includes AA hockey, Community Watch, and Dragon Boat fundraiser for cancer research.



ANNOUNCEMENTS

Council Member News

The Insurance Council of Manitoba bid farewell to Elaine McCracken and Jacqueline Desrochers of the Insurance Adjusters Council and to Rosemary Henderson of the General Insurance Council, who completed two full three year terms in December 2012. Elaine also served as Chairperson of the Administrative Council and her dual role was a tremendous contribution to the organization and the industry. Elaine and Jacqueline both served on the Adjusters Exam Review Committee.

These Council members have shown great dedication and commitment during their service to Council, and have contributed much through their experience and professionalism. The Insurance Council of Manitoba wishes to express its appreciation for the many contributions they have all made during their years of service.

Congratulations to **James Magnan** on his appointment as Chairperson and **Fred Dixon** on his appointment as Vice-Chairperson on the Insurance Adjusters Council, as well as to **Jeffrey Coleman** on his appointment as Vice-Chairperson of the General Insurance Council. Fred and Jeffrey will now join James on the Administrative Council under the newly appointed Chairperson, **Nancy Streuber**.

ICM Taking Applications for New Council Member Appointments

The Insurance Council of Manitoba participates in the selection of licensed members from the industry by making recommendations for appointments to the Minister. The Council selects candidates for recommendation by considering objective criteria including industry experience and expertise, evidence of commitment to public service and professionalism, reputation and integrity of the applicant, and overall representation on Council.

Those licensees interested in putting their names forward as members of the ICM should forward a resume, "Personal and Confidential" to the attention of Erin Pearson, Executive Director of the Insurance Council of Manitoba.

Upcoming 2013 Annual Renewal Will Now Be Available On-Line

Renewal of agent licenses is fast approaching and the Insurance Council of Manitoba ("ICM") is excited to introduce the new on-line licence renewal module, whereby agents will have the opportunity to renew their licence on-line 24 hours a day / 7 days a week in 7 simple steps.

Paper renewal applications are a thing of the past! The link to renew your licence(s) will be available on the ICM website in April 2013 and will be communicated to you, by email, earlier that month. Once you complete your renewal on-line, your licence(s) will be emailed directly to you at the email address that you have provided to the ICM, which means eliminating the wait for hard copies of your licence from the ICM and allowing you to print your licence(s) as well as email your confirmation of licensing to others.

Pre-payment of your licence fee with the ICM office is acceptable via cheque, money order or cash. If the payment is for multiple agents, you must ensure that a cheque is forwarded to the ICM office at least two weeks in advance of agents hoping to renew their licence. If you are providing this pre-payment, you must include a listing of the agents that the funds apply to in addition to the amount that is allocated to each agent and the type of licence(s) the agent holds.

Continued on next page

To access the on-line licence renewal module, you will enter through the newly designed on-line portal. Within this portal, the following information can be accessed and/or updated:

- Agents can update their contact information (residential information (other than home province as this would be considered a material change to your licensing), and business address information including email address).
- You will be able to continue to review your current licence information, as well as continue to enter your completed continuing education (CE) courses through this on-line portal.
- You will know immediately if additional information is required to renew your licence, and have the ability to provide this information to the ICM through the on-line renewal process. The ICM will then be advised in real time of any additional information that you were required to provide in this on-line process, decreasing the possibility of delay to the issue of your renewed licence(s).
- Once your renewal has been completed, your on-line renewal application(s) and your current licence(s) will be available to you at any time upon logging in to the system.

What you will need to renew your licence(s)

- On-line registration of your CE credits should be completed prior to beginning the renewal process. CE credits are to be registered under the [On-line Reporting Login](#) page on the ICM website and would be listed as the "2012" CE Year. Please ensure that the CE courses that you are anticipating to complete have been approved by the ICM (a valid ICM course number should be evident on the CE certificate that you receive from the course provider). All licensees are required to complete the mandatory CE requirements prior to May 31, 2013. *(CE is not applicable to non-residents that are licensed in a jurisdiction that has mandatory CE requirements.)* For further information on [continuing education information](#), please review the ICM website.
- If Errors & Omissions Insurance is required to be maintained by you, you will need to provide information with respect to your existing E&O policy.
- Credit card payments are accepted when renewing on-line. However, if you have pre-paid your licence fee(s) in advance with the ICM (via cheque, money order or cash), the full credit will be applied to your account and you will not be asked for additional payment when renewing on-line. For your reference, licence fees are listed under the *Insurance Agents and Adjusters Fees Regulation* [73/93](#).

Amendments to a licence (such as the agency or sponsoring insurance company and personal name changes) cannot be completed in the on-line renewal process and must be submitted to the ICM office via original paper format. A new fully completed [application form](#), including all documentation as required, along with the additional amendment fee of \$70.00 must be submitted to the ICM office prior to renewal for processing of the amendment.

The ICM recommends that you renew your licence(s) immediately after receiving notification that the link is now active and open. If issues occur with your renewal application(s), and your licence is not able to be issued prior to the renewal deadline, you are prohibited from conducting insurance business after your existing licence has expired.

The ICM anticipates the response to the user friendly on-line licence renewal module will be very positive. Agents will enjoy the quick and easy experience the on-line process has to offer!

Life and General Insurance Councils Offer Code of Conduct Quizzes

One of the licensing requirements for insurance agents is knowledge of the appropriate Code of Conduct: Life Insurance and Accident and Sickness Agent's Code of Conduct, or General Insurance Agent Code of Conduct. Reading and understanding regulatory requirements is one thing; putting that knowledge to practice is quite another.

The Life Council and the General Council have developed quizzes to assist agents in testing their practical knowledge of the appropriate Code using questions and typical situations that an agent might encounter.

Completing the quiz is not mandatory for licensing. There is no charge for taking the quiz and no limit on the number of times you can attempt it. Take it simply to test your knowledge or sharpen your skills. One (1) continuing education credit may also be claimed for successful completion of the quiz.

Each quiz consists of ten multiple choice questions with four potential answers. All ten questions must be answered correctly to successfully complete and receive the continuing education credit for the quiz. Some of the questions will require specific prescribed answers, such as the forms required in the replacement of a life insurance policy. Other questions will require you to consider behavioural and ethical best practices in your business conduct.

You can reference the Code of Conduct during the quiz, and at the end you will be provided with the reasoning behind the answer.

When you successfully complete the quiz, you can print the Certificate of Completion and use the course for one (1) continuing education credit. Credit for completing the quiz may be obtained only once.

For additional information or to take the quiz visit the Compliance and Enforcement section at www.icm.mb.ca

Case Study

Agent amended coverage on an existing homeowner's property which had become vacant. The agent failed to advise that coverage would change from replacement cost coverage to actual cash value. Further the agent failed to advise that the vacancy permit would be on the basis of 2/3 of the actual cash value. Due to the change in form from a homeowner's to a fire and extended coverage form, other sections of the property coverage such as outbuilding, personal property and additional living expenses were also affected.

Changes in insuring a property when a vacancy permit is attached can be significant including warranties, reductions in perils and property covered, and the valuation in the case of a loss. The meaning of "vacant" is not standard with all insurance companies and it is the agent's responsibility to understand the insurer's meaning and relay that to the insured. Insurers typically provide cover on the basis of the insured amount or by use of a 2/3 vacancy permit: a significant difference on the amount insured e.g. \$100,000.00 on a \$300,000.00 risk.

Agents are required to provide proper advice to clients to ensure that they are aware of the reductions and limitations of their policies, thereby enabling the clients to make decisions such as changing the occupancy or taking other steps to protect their property. Failure to provide a full explanation to the client is a violation of *The Insurance Act* and of the General Insurance Agent Code of Conduct.

LLQP Competency Profile

As indicated in the last ICM Council Report, Life Insurance regulators have been working together with the Canadian Insurance Services Regulatory Organizations (CISRO) to establish a harmonized national life insurance agent licensing education program that will see the participation of every jurisdiction in Canada.

The first step in the LLQP review was to collect information regarding professional practice through occupational analysis workshops held throughout the country in 2012. The result of these consultations is a Competency Profile that presents all tasks and operations that a new life insurance agent may accomplish in the first years of professional practice.

A first draft of the profile can be found on the Publications page of the CISRO website located at www.cisro-ocra.com.

You are invited to comment on the profile via an online survey located at:

<http://www.surveymonkey.com/s/BBQJGDP>

Your feedback is important as it will enable the development of valid preparation and evaluation tools based on a relevant and coherent competency profile.

Life Insurance Agent Supervisor - Obligations and Duties

In signing the Supervision Certificate, the agent being supervised and Supervising Agent agree to fulfill their duties and to comply with the requirements to co-sign certain documents in compliance with Sections 8 and 9 of the Life Insurance Agents and Accident & Sickness Insurance Agents Licensing Rules.

A supervisor's duties include but are not limited to:

- The Supervisor is expected to provide ongoing training to ensure the supervised agent has appropriate product knowledge and awareness of regulatory requirements.
- The Supervisor must ensure the recommendations of the supervised agent are suitable to the client's interests and needs.
- Supervisors must inform supervised agents of their responsibility to complete a needs analysis for the sale of every life insurance policy and of the supervised agent's responsibility to present the needs analysis and application to the Supervisor to be countersigned.
- Supervisors must review any proposed replacement life insurance policy prior to the supervised agent recommending the product to the client. A supervised agent must not replace a contract of life insurance unless the Supervising Agent countersigns the Life Insurance Replacement Declaration (LIRD) form and Written Comparative Analysis. A Supervising Agent accepts responsibility for the documents as if he or she had completed them as the life insurance agent.
- Supervisors must ensure the level of risk for segregated funds sold by the supervised agent is suitable to the client's risk tolerance and that the supervised agent has sufficient expertise with regard to the selling of individual variable insurance contracts (otherwise known as segregated funds). Guidance Notes to Licensees – Individual Variable Insurance Contracts can be found on the ICM website at www.icm.mb.ca.
- Any recommendation by the supervised agent for leveraging segregated funds must be reviewed and approved by the Supervisor; a needs analysis and the application must be countersigned by the Supervisor. The Supervising Agent has the duty to ensure that the client has the financial ability to pay the servicing costs and any potential margin call of a leverage loan.

The Supervisor will be held mutually responsible, along with the supervised agent, and may face potential disciplinary action where recommendations are not appropriate to the client's interests and needs or where disclosure of the risks was not sufficient.

Signing Applications

Council has recently received a number of inquiries as to who may sign as a Witness to the client's signature on an insurance application. Only the individual observing the client sign the application may sign as a Witness.

Agents are reminded not to sign as the Witness to a client's signature if they did not meet in person with the client and observe the client signing the application.

Further, an agent must not sign to certify that they verified the client's identity unless they have met in person with the client and have personally reviewed accepted documentation as per the application (i.e. driver's licence).

Unless the agent completed the application in the presence of the client, he or she must not sign to certify: that the medical questions were documented in the presence of the client; that the agent believes the information provided by the client to be correct and accurately recorded; that the agent is unaware of any additional health concerns not disclosed on the application that may affect underwriting and that any conflicts of interest were disclosed.

Disciplinary action may result where Council determines the agent failed to secure proper signatures and/or falsely certified any application statements. Potential disciplinary action may include a fine; assessment of investigation costs; conditions being imposed on the agent's licence and/or revocation of an agent's licence.

Where misconduct was demonstrated by a supervised agent, the Supervising Agent may be held mutually responsible with additional disciplinary action to include the revocation of their status to act as a Supervising Agent.

DISCIPLINARY ACTIONS

Calvadores, Marissa

Council determined that this Life and Accident & Sickness Insurance Agent be fined \$1,000.00; assessed partial investigation costs of \$1,000.00 and required to successfully complete the Life Insurance and Accident and Sickness Agent's Code of Conduct quiz in violation of Section 113 (1) (e) Unfair or Deceptive Acts in the Business of Insurance and Section 375 (1) (a) Misrepresentation, Dishonesty of the *Insurance Act of Manitoba* and Section 2 – Needs of the Client, Section 4 – Professionalism, Section 7 – Disclosure and Documentation and Section 9 – Dealing with the Insurance Council of Manitoba, of the Life Insurance and Accident and Sickness Agent's Code of Conduct.

Dale Parizeau Morris Mackenzie Inc.

Agency fined \$1,000.00 and assessed partial investigation costs in the amount of \$500.00 for allowing unlicensed individuals to transact insurance business in contravention of *The Insurance Act* of Manitoba, Section 369 (1) and the General Insurance Agent Code of Conduct Section 9 – Unauthorized Practice of the Profession.

Denney-Edwards, Shannon

Council determined that this Life and Accident and Sickness Insurance Agent be fined \$500.00 and assessed partial investigation costs of \$250.00 for failure to complete the mandatory continuing education credit hour requirement in violation of Section 375 (1) (a) Misrepresentation, of the *Insurance Act of Manitoba*; Section 13 (1) (a) (b) Continuing Education of the Life Insurance Agents and Accident and Sickness Insurance Agents Licensing Rules; and Section 4 – Professionalism and Section 9 – Dealing with the Insurance Council of Manitoba, of the Life Insurance and Accident and Sickness Agent's Code of Conduct.

Espiritu, Gemma

Council determined that this Life and Accident & Sickness Insurance Agent be fined \$250.00 and assessed partial investigation costs of \$250.00 for failure to maintain errors and omissions coverage in violation of Section 371 (1.1) Liability Insurance Required, Section 372.1 (1) Failure to Have Liability Insurance and Section 372.1 (2) Notice to Superintendent, of the *Insurance Act of Manitoba*; Section 12 (1) Liability Insurance – Life, Accident and Sickness, of Insurance Agents and Adjusters Regulation 389/87R; and Section 4 – Professionalism, of the Life Insurance and Accident and Sickness Agent's Code of Conduct.

Gapusan, Mariver Basa

Council determined that this former agent was unsuitable to hold an insurance agent's licence due to contraventions of *The Insurance Act* Section 375 (1) guilty of misrepresentation, fraud, deceit or dishonesty, and demonstrated untrustworthiness; and General Insurance Agent Code of Conduct violations Section 1 – Integrity and Section 10 – Conduct Towards Others.

Oliver, Gordon

Adjuster fined \$1,000.00 and assessed partial investigation costs in the amount of \$1,000.00 in contravention of *The Insurance Act* Section 385 (7) (c) demonstrated incompetency and the Insurance Adjusters Code of Conduct Section 2- Competency, Section 3 – Quality of Service and Section 4 – Advising Clients; and in violation of the Insurance Adjusters Licensing Rules 3.2 Restrictions – Level 1 and 2. The adjuster will not be eligible to apply to progress to a level 3 adjuster for a minimum of one year from October 11, 2012.

Poulain, John

Council determined that this Life Insurance Agent be fined \$250.00 and assessed partial investigation costs of \$250.00 for failure to maintain errors and omissions coverage in violation of Section 371 (1.1) Liability Insurance Required and Section 372.1 (2) Notice to Superintendent, of the *Insurance Act of Manitoba*; Section 12 (1) Liability Insurance – Life, Accident and Sickness, of Insurance Agents and Adjusters Regulation 389/87; and Section 4 – Professionalism, of the Life Insurance and Accident and Sickness Agent's Code of Conduct.

Roblin Financial Services Ltd.

Agency fined \$500.00 and assessed partial investigation costs in the amount of \$250.00 for allowing an unlicensed individual to transact insurance business in contravention of *The Insurance Act* of Manitoba, Section 369 (1) and the General Insurance Agent Code of Conduct Section 9 – Unauthorized Practice of the Profession.

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.

ICM Staff Changes

Penney Morris has joined the ICM in the position of Receptionist. Penney has obtained her Business Administrative Assistant Certificate and has several years of experience in the administrative field.

Doris Smith has joined the ICM in the position of Licensing Clerk. Doris has obtained her FCIP Designation and was a level 3 General Broker for 12 years. Overall, Doris has over 35 years of industry related experience both on the company side and the agency side, and she owned and operated her own independent insurance agency for 6 years from 1988 until 1993.

We are pleased to announce the appointment of **Colleen Davey** to the position of Licensing Clerk. Colleen brings to her new position considerable related experience in various industries, including a support role in the insurance adjusting industry. You may have seen Colleen previously as the welcoming face at the ICM reception area where she held this position for 2 years.

The ICM wishes all three of these employees much success in their current roles.

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