

Insurance Council of Manitoba

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**April 2004
Council Report**

Thank You

Council would like to thank all those individuals who took the time to complete our short survey provided in the last edition of the Council Report. Overall, comments were favorable and we will attempt to address some of your concerns in future issues of the newsletter.

Statistics

**April 1, 2003 -
March 31, 2004**

COMPLAINTS

New Complaints per Council

Life	75
General	38
Adjusters	5
Total	118

LICENSING

Life and A&S	3,880
General	2,555
Adjusters	77
Total	6,512



Renewal Around the Corner



Your licence renewal package is enclosed. In this package, the following is included:

- Renewal application(s)
- Instruction Sheet
- Continuing Education Supplementary Form

As a reminder to all agents/brokers, please ensure the one page form is fully completed and the correct fee is attached. If you are unsure of the fee amount, it is printed on the top right hand corner of your renewal form.

If paying for more than one licence (i.e. an individual holding more than one licence or an agency with several employees) you may combine the total fees on one cheque.

The amendment of an agency name **may not** be done on the one page renewal form.

Such an amendment can **ONLY** be done by completing a new four page application form in full.

Renewal applications will not be accepted after May 31, 2004 which falls on a Monday this year. Any person renewing their licence after the expiry date of May 31, 2004 must re-apply to Council with a new fully completed application form.

Don't forget to attach a copy of your Errors & Omissions Insurance to your renewal forms.

For additional information, please check our web-site or contact our office.

Welcome

Welcome to our new Life Council member effective March 25, 2004. Bonnie Radcliffe has been appointed to sit on the board for a three year term.

Ms. Radcliffe has worked in Brandon's general insurance industry for twelve years. She began her career at Barkers Insurance in commercial lines. During her years there she earned her C.A.I.B. and also worked in farm and crop hail insurance, personal lines and Autopac. The last third of her career was spent at Dick Agencies.

For the past several years she has been at home with her three children and recently returned to Brandon University adding courses to her B.A. (Economics) and completing the first year of her B.Ed. After Degree. Her passions for music and children are pursued by singing in her Church choir and volunteering in various schools where she hopes to help today's youth become life long learners who love to read.

Supervision

Council continues to receive inquiries with respect to what aspects constitute "supervision". Supervision is when one individual (the supervisor) oversees the activities and tasks being performed and carried out by the supervised individual, and ensures that they are being carried out accurately. For insurance agents/brokers, it means the supervisor must oversee the insurance activities of the supervised agent by closely monitoring their activity.

If called upon, the supervisor must be in a position to demonstrate his/her supervision plan in relation to an employee or supervised agent. Should a supervisor fail to demonstrate appropriate and adequate supervision, they may be sanctioned under the Act.



Disciplinary Decisions



Warning---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.

Angela Arnel - Council determined this former General Insurance Agent/Broker is unsuitable to hold a licence. The finding of unsuitability was based on theft of premium monies.

Gem Anis - Council determined Life and Accident & Sickness Insurance Agent be suspended for a period of six (6) weeks and was assessed partial investigation costs in the amount of \$750.00 for improper completion of disclosure statements. This agent is presently not licensed and has not been licensed since January 1, 2004, therefore the suspension will not take effect until the agent becomes relicensed.

Leonard Batke - Council determined this Non-Resident Life and Accident & Sickness Insurance Agent pay a fine in the amount of \$250.00 and partial investigation costs of \$250.00 for completing two insurance applications without being duly licensed in the province of Manitoba.

Pamela Billey - Council determined General Insurance Agent/Broker is unsuitable for licensing. This determination is based on theft of funds, and for making a material misrepresentation to Council on a transfer licensing application. Council refused this application based on suitability.

Jeff Burns - Council determined Life Insurance Agent pay a fine in the amount of \$500.00 and partial investigation costs of \$500.00 for failing to properly complete disclosure statements in a matter of replacement.

Daniel Dauphinee - Council successfully obtained a Small Claims Court Judgment against this former life insurance agent with respect to unpaid costs in the amount of \$3,398.00.

Rick Denney - Council determined that Life and Accident & Sickness Insurance Agent Licence be suspended for a period of four (4) months. This suspension is a result of forgery of a client signature. The agent was also assessed partial investigation costs in the amount of \$2,500.00.

Stacey Godenir - Council determined Life and Accident & Sickness Insurance Agent pay a fine in the amount of \$1,000.00 and partial investigation costs of \$500.00, as a result of making a material misstatement to Council on his continuing education application supplement respecting the completion of his credit hours.

Carol Hargreaves - Council determined this former General Insurance Agent/Broker is unsuitable to hold a licence. The finding of unsuitability was based on theft of premium monies.

Donald Joye - Council determined General Insurance Agent/Broker is unsuitable for licensing. This determination is based on theft of premium monies, failure to transmit applications for insurance to the insurer, unauthorized possession of client files and making a material misrepresentation to Council on a transfer

licensing application. Council refused this application based on suitability.

Mikhail Kogan - Council determined Life and Accident & Sickness Insurance Agent pay a fine in the amount of \$1,000.00 and assessed costs of \$500.00 for improper completion of disclosure statements in a matter of replacement.

Ed Lynch - Council determined this former General Insurance Agent/Broker is unsuitable to hold a licence. The finding of unsuitability was based on theft and fraud allegations.

Ivan Matsalla - Council determined that both Life Insurance Agent Licence and General Insurance Agent/Broker Licence be permanently revoked. The revocation of licences was a result of forgery of signatures and theft of funds.

Ray Minkin - The Life Insurance Council of Manitoba determined that Life and Accident & Sickness Insurance Agent Licences be suspended for a period of six (6) months, and costs in the amount of \$500.00 be assessed for falsifying medical information on an application for life insurance, inducing the client to replace existing coverage when the client was uninsurable.

This matter was appealed to the Insurance Agents' and Adjusters' Appeal Board who upheld the original decision of Council, and in addition, levied a fine in the amount of \$3,000.00 and assessed additional costs in the amount of \$1,500.00.

This agent is presently not licensed and has not been licensed since **June 10, 2002**, therefore the suspension will not take effect until the agent becomes relicensed.

Michael Nimik - Council determined former Life Insurance Agent was unsuitable to hold a licence. The finding of unsuitability was based upon a history of theft from clients while conducting business through his mutual fund licence. Council refused this application based on suitability.

Janice Rarick - Council determined that former General Insurance Agent/Broker be suspended for two (2) weeks and pay costs of the investigation for forgery of client signatures. As the agent is currently not licensed, the suspension will be served upon re-licensing.

Henry Voth - Council determined that former Life and Accident & Sickness Insurance Agent was unsuitable to hold a licence. The finding of unsuitability was based on allegations of forgery and current related provincial court charges. Council refused this application based on suitability.

Lloyd Wilson - Life Insurance Agent and Accident & Sickness Insurance Agent licences were suspended for a period of two (2) months, for failing to comply with the educational conditions imposed by the Life Insurance Council resulting from a previous disciplinary decision.



Life Licence Qualification Program (LLQP) Passing Grade



Life Licence Qualification Program Examination

The Insurance Council of Manitoba returned to a minimum 60% passing grade for the Life Licence Qualification Program ("LLQP") licensing exam, effective November 1, 2003.

The 60% pass grade applies to the Full, the Part A & B and the Accident & Sickness LLQP exams.

The initial pass grade of 50% was introduced on a temporary basis on January 1, 2003, as part of the transition to the LLQP. The new pass grade of 60% applies to anyone who writes the LLQP licensing exam on or after November 1, 2003. This change applies to those attempting the LLQP exam on or after November 1, 2003, regardless of when they enrolled for the LLQP exam; when they completed the LLQP course; or, whether they have previously attempted an LLQP exam.

Statistics are noted below:

April 1, 2003 - October 31, 2003 = 50%

<u>LLQP Examination</u>	<u>Written</u>	<u>Passed</u>	<u>Failed</u>
Full LLQP	127	107	20
Probationary Part A	103	68	35
Accident & Sickness	11	8	3

November 1, 2003 - March 31, 2004 = 60%

<u>LLQP Examination</u>	<u>Written</u>	<u>Passed</u>	<u>Failed</u>
Full LLQP	107	78	29
Probationary Part A	34	17	18
Accident & Sickness	12	6	6



Criminal Record Checks

As part of Council's licence application review process, criminal record checks must accompany first applications for licensing that are received by Council effective **June 1, 2004**. The requirement to provide verification of a criminal record applies to individuals seeking a general, life, accident & sickness, or insurance adjuster licence, where:

- The person has never held a licence with Council; **or**
- The person has not held a general, life, or adjuster licence with Council within the past year and must re-qualify for licensing.

Individuals submitting renewal or transfer applications are not required to obtain criminal record checks, unless specifically requested by Council to do so. Please contact your local RCMP detachment or municipal police department in advance to determine the processing requirements, cost of the service, and hours the service is available in your jurisdiction.

The Insurance Council of Manitoba will continue to issue licences without the security clearance document until June 30, 2004 on the assurance of the agent or adjuster that they will provide the security clearance document within sixty (60) days of the date of issue of the licence. The exception to this may depend on the date and nature of the criminal conviction, in which case, the applicant may be required to provide the document **before** a licence will be issued.

It can take some time to obtain this information so start the process early. After July 1, 2004 applications will not be processed without the Security Clearance document attached to the application. There will be no exceptions.

When completing your licence application, (both new and renewal) ensure you read the application instructions carefully, as you are obliged to disclose your criminal record and details on the application form.

Tracking of Continuing Education Credit Hours

As a reminder, all agents/brokers, regardless of class of licence, must keep track of their own continuing education credit hours.

Succession Planning

Agents and brokers should have a succession plan in place. Following the death of a designated representative (operating agent), it is important to ensure that you have a **qualified** individual in place to take over the agency. Without a qualified broker to step in, the family may not be allowed the time it needs to make important decisions with respect to the agency. While these situations usually arise in the case of small rural operations where there are only one or two people licensed, it can also occur in larger, urban agencies.

Not having a qualified individual on staff can also put the brokerage into a position of non-compliance. You are urged to have a family member or employee ready to take over if something happens. It is in your best interest to have a formal succession plan in place.

Question & Answer

Q. What is the Council doing to reduce the cost of Errors & Omissions Insurance for agents?

A. Council does not have jurisdiction over insurance companies, nor is it within our mandate to compel insurance companies to reduce their premium rates. The principle of insurance is all about the sharing of risk. Underwriters are the employees of the insurance companies who are involved in many aspects of the process, including risk assessment, selection and rating.

Q. Why doesn't Council provide us with business building ideas?

A. Council is the regulatory body for insurance agents and adjusters. Council has been mandated with setting the standards and educational requirements for licensees. We are not however a training ground for agents or prospective agents. Our role is to ensure that the laws as they relate to insurance agents are followed. Agents should be relying on independent insurance educational associations, their companies, or their MGA's to provide ongoing support and education.

Changes to the Insurance Institute Courses

Effective September, 2004, there will be changes made to the Insurance Institute Courses regarding the CIP Program.

The courses in the new CIP Program will apply to certain levels of licensing requirements for Adjusters and for Brokers. The curriculum of the CIP Program will be changed and the number of courses required to complete the CIP reduced from 12 to 10.

The Institute is planning a two-year transition period, from September 2004 to August 2006 where students will be required to complete the five mandatory courses and a combination of applied professional courses and elective courses, depending on which CIP courses have previously been completed.

Council is in the process of reviewing the new course material. Further information on the C.I.P. is available by contacting the Insurance Institute directly at www.iic-iac.org.

Auto Only Licensees

Auto-Only Brokers are reminded that they are authorized to sell only basic compulsory and optional extension automobile insurance issued by Manitoba Public Insurance and can only represent themselves as such to the public. Auto-Only Broker licensees are prohibited from conducting or transacting any other type of insurance other than that noted above.

Eligibility requirements for the Level 1 Auto Only Broker licence require the taking and passing of the Auto Broker Technical Course, or another course Council considers equivalent; passing the Manitoba Public Insurance proficiency examination; and satisfying all of the other requirements for the issue of the licence set out in the Act, the regulations under the Act and the licensing rules.

The **Level 1 Auto Only Broker** licence holder will be authorized to service and sell only **basic compulsory and**

optional extension automobile insurance issued by Manitoba Public Insurance Corporation and

only inside the office of a general insurance agency under the supervision of the holder of a Level 2 or Level 3 licence. All agents who hold this classification of licence **MAY NOT** be involved in the sale or service of private insurer extension automobile products at this time. These extension products may only be sold by a broker holding a Level 1, 2 or 3 licence.

Agents must properly represent themselves to the insuring public, and must pass over the file to a properly licensed broker, if advising on or dealing with extension products.

Auto Only Brokers who do not hold out properly, or who operate outside the restrictions placed on their licence may be subject to disciplinary action.

