

Council Report

2009
ISSUE

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this issue

Continuing Education Credit Changes **P.2**

Logging Credits Online **P.3**

Replacement of Life Insurance Policies (LIRD) **P.5**

Disciplinary Actions **P.7**

VISIT OUR WEBSITE!

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

www.icm.mb.ca

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**REPORT YOUR
CONTINUING EDUCATION
CREDITS ONLINE!**

INSIDE THIS ISSUE

Continuing Education Credit (CEC) Changes - Life Insurance Agents	2
Life and Accident & Sickness Insurance Agent's Code of Conduct	2
Incidental Sale of Insurance (ISI)	2
Logging Credits Online for Agents/Brokers	3
Continuing Education - Duplicate Courses	3
Continuing Education	3
Forms and Applications	3
Submitting Applications	3
Strategic Plan	4
Errors and Omissions Insurance - Mandatory Fraud and Dishonest Acts	4
Transacting the Business of Insurance	4
Reminder to General Insurance Brokers	4
Replacement of Life Insurance Policies (LIRD)	5
Life Insurance and Accident & Sickness Insurance Agent Rules	5
Restrictions of General Level 1 Licensees	5
Council Member Changes	6
New Council Member Brian McKinnon	6
Staff Changes	6
Disciplinary Actions	7
Criminal Record Checks	8
Future Council Reports	8

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CANADIAN ADDRESSES TO:**
466-167 Lombard Avenue,
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Continuing Education Credit (CEC) Changes

Life Insurance Agents

The Insurance Council of Manitoba recently reviewed the continuing education requirements for life and accident & sickness insurance agents. To assist in this review, a committee chaired by Joan Miles of the Life Insurance Council of Manitoba and including non-Council members Hugh Moncrieff, Al Donald and Mike Luik was formed to assess requirements and make recommendations to the Life Insurance Council of Manitoba. The Insurance Council of Manitoba wishes to express its appreciation for the assistance of the Continuing Education Credit Hour Committee.

Following this review, a number of changes to the Continuing Education Requirements for the 2009/2010 Licensing year have been approved

by the Life Insurance Council of Manitoba.

The number of credit hours for life insurance agents has been changed from 30 hours per licensing year to 15 hours per licensing year, however the education **must be directly related to life and accident & sickness insurance products or services**, or the operation of an insurance business. Allowable content would include ethics, errors and omissions coverage and compliance with insurance related legislation and regulation, including the *Insurance Act of Manitoba*, Rules and Regulations, privacy legislation, anti-terrorism or money laundering legislation, the Code of Conduct and replacement requirements. A maximum of 5 CE

credits may be related to segregated funds. Investments related education is allowable if directly relevant and applicable to segregated funds.

No carry forward from prior years will be accepted for credit for **both Life and Accident & Sickness Insurance Agents**.

Please refer to the Continuing Education section of the ICM website for further details.

IMPORTANT NOTE:

These requirements are not in effect until June 1, 2009 for the 2009/2010 licensing year.

Life and Accident & Sickness Insurance Agent's Code of Conduct

The Life Insurance Council of Manitoba has approved revisions to the Life and Accident & Sickness Insurance Agent Code of Conduct. This Code of Conduct is effective immediately and replaces any prior versions. The Code of Conduct, while "principles based", contains commentary and specific examples of recommended or prohibited behaviour to ensure clarity, guidance and direction in the sale of life and accident & sickness products, including segregated funds.

The revised Life and Accident & Sickness Insurance Agent's Code of Conduct is located on the Insurance Council of Manitoba website at www.icm.mb.ca. All Life and Accident & Sickness Insurance Agents are required to attest to having read and understood the Code of Conduct concurrent with their 2009/2010 licence renewal. The form required to do so will be included with your licence renewal, or is available on the ICM website.

Incidental Sale of Insurance (ISI)

The Insurance Council of Manitoba is currently examining its role with respect to the level of regulation of intermediaries involved in the offering of insurance products sold "incidental" to the sale of other products. Stakeholder comments have been requested, and will be considered by Council in the coming months.



Logging Credits Online for Agents/Brokers

Renewal applications will be sent out in mid April and will include your web user ID and web password. However, Council is encouraging you to report your credits online as you obtain them in order to avoid entering them all at the last minute. To report credits online, please visit our website at www.icm.mb.ca and refer to the Agent Log On, on the

right hand side of our homepage. User ID and passwords were included on the May 2008 renewal applications, and new agents/brokers have already been given this information with their initial licence. If you cannot locate this information, please email contactus@icm.mb.ca and a system generated email will be sent to you.

Continuing Education

Renewal is fast approaching so we would like to remind all agents/brokers and adjusters of the **current** continuing education credit hour requirements to renew their licences in May 2009 (June 2009 for Adjusters):

- * **Life /
Life and Accident & Sickness**
30 CREDIT HOURS
- * **Accident & Sickness ONLY**
15 CREDIT HOURS
- * **General / Property & Casualty
(All Levels)**
8 CREDIT HOURS
- * **Auto ONLY**
4 CREDIT HOURS
- * **Adjusters
(All Levels)**
8 CREDIT HOURS

Agents/brokers are required to obtain their credit hours between June 1, 2008 and May 31, 2009 in order to renew their licences(s) in May 2009 and adjusters are required to obtain their credit hours between July 1, 2008 and June 30, 2009 in order to renew their licence in June, 2009.

Agents/brokers who obtained their licence(s) for the first time between June 1, 2008 and the present, and adjusters who obtained their licence between July 1, 2008 and the present should refer to their licensing letter for the number of credits required.

Credit hours must be obtained from an accredited course provider or from courses that have been approved by Council (all of which are listed on our website). Also, those licensees seeking individual

CONTINUING EDUCATION DUPLICATE COURSES

Please be advised Council does not recognize credit hours for courses taken multiple times. However, if the attendee can provide Council with evidence that the content for the course has changed, Council will consider awarding partial credit.

credit approval for courses not listed on the website must do so at least 15 days prior to the seminar/course commencement date, as there is no guarantee that a seminar/course will qualify for credit hours. Requests received after the fact **or during renewal** will not receive priority treatment. They will be dealt with at a later date, and this may result in your renewal being delayed and/or your licence(s) lapsing.



FORMS AND APPLICATIONS

Council would like to remind you to obtain all forms and applications from our website at www.icm.mb.ca as our documents are continuously being updated.

SUBMITTING APPLICATIONS

When completing an application for an insurance agent/broker licence, all questions must be completed and full written disclosure along with supporting documents must be provided even when transferring or amending your licence. It is not acceptable to answer questions with "as previously filed with the Council" or "as known to ICM". When an application is being sponsored by the duly appointed person, they must ensure the applicant has undergone appropriate screening procedures. The questions being asked on the application are essential in determining if an applicant is a suitable person to receive a licence. Verbal communication of information cannot be verified nor can it prove that due diligence has been executed by the duly appointed person.

The Insurance Council of Manitoba is committed to serving and protecting the public by regulating insurance licensees under the *Insurance Act of Manitoba* and by ensuring their licensees act within a professional framework which promotes fair and ethical conduct, integrity and competence.



STRATEGIC PLAN

In October, 2008 current and former members of the Insurance Councils of Manitoba and management staff met for a two (2) day strategic planning session facilitated by Harris Consulting. The resulting three (3) year strategic plan for 2009-2012 outlines goals and initiatives in a number of key areas, including increased consumer protection, education and awareness of ICM, brand building, regulatory oversight, web based and online activity, harmonization and industry education.

ERRORS AND OMISSIONS INSURANCE

MANDATORY FRAUD AND DISHONEST ACTS

In October, 2008 the Life and General Insurance Councils of Manitoba invited comments concerning the inclusion of Fraud and Dishonest Acts as a mandatory element of Errors and Omissions Insurance. Following the conclusion of this consultation, the Life and General Councils have now approved moving forward with this requirement and will be introducing this requirement in the near future.

Transacting the Business of Insurance

Individuals applying for a licence for the first time or those transferring must make sure that they hold a valid licence prior to engaging in the business of insurance. Confirmation of an individual's licensing status is available on the Council's website under the tab titled "Agent/Agency Search" or by contacting the

Council's office at (204) 988-6800. To permit an individual to transact the business of insurance without a licence is a contravention of Section 369(1) of the *Insurance Act of Manitoba* and will result in disciplinary action against the Designated Representative for unlicensed activity.

Reminder to all General Insurance Brokers

In order to protect the public, people giving insurance advice and acting as an insurance agent must be licensed to do so. [*Insurance Act of Manitoba Section 369(1)*]. Anyone who wishes to become an agent must first obtain a licence by meeting the requirements for suitability and other established criteria including completion of an application, providing proof of valid professional liability coverage, and payment of licensing fees.

Manitoba has step-licensing in place whereby the agent must meet minimum levels of competency and experience commensurate with the insurance product being handled. Insurance companies may have requirements for the agent to sell their products as well.

For example, a broker selling Autopac insurance must meet the education requirements as established by MPI. But that is not sufficient for an individual to act as an agent: that person must first have a valid licence issued to him or her. The agent must meet the educational and licensing requirements as noted in the *Insurance Act* and General Insurance Agents Licensing Rules. The agent must also comply with the General Insurance Agent Code of Conduct. (To review these

documents visit the ICM website.)

Unlicensed individuals may believe that they can discuss auto insurance with customers using the IWS system or provide information to a customer on an MPI product as long as a supervisor is watching. This is incorrect and would be considered a violation of the *Insurance Act of Manitoba*. The agency's designated representative could be subject to disciplinary action if in violation of the Act.

An Auto Only Broker licence limits the individual to selling compulsory and extension automobile products, and therefore prohibits the agent from dealing in accident or sickness, travel, life or other property & casualty insurance. This includes enrolling customers in Blue Cross or other programs.

Once licensed an Auto Only Broker or Level I (1) licence holder, authorized by MPI and/or other auto insurance carriers, is limited to selling auto insurance inside the agency. Under the licensing restrictions, a supervising Level II (2) or Level III (3) licence holder must be in the office at all times and supervising the licence holder. Violation of this requirement could result in disciplinary action.

REPLACEMENT OF LIFE INSURANCE POLICIES (LIRD)

The Life Insurance Council of Manitoba has approved in principle a new format and procedure when replacement of life insurance is intended or contemplated.



The Life Insurance Replacement Declaration (LIRD) was developed by a national committee of the Canadian Insurance Services Regulatory Organizations (CISRO). This committee reviewed the existing replacement disclosure requirements to determine if they were an effective and appropriate means of consumer protection, and to determine if they were consistent with current protection of privacy principles. Following consultation with regulators, industry stakeholders and consumers, the LIRD was developed.

The LIRD outlines a number of essential elements that the consumer must be aware of and receive answers to prior to considering the replacement of an existing life insurance policy or rider, and is intended to ensure that the consumer receives full disclosure of all the relevant details to make an informed decision. A written analysis of the advantages and disadvantages of replacement must be provided to the client by the agent. A copy of the LIRD must be sent to the new insurer and maintained on the agent's file, along with the written comparative analysis. It will no longer be required that the existing insurer receive a copy of the replacement documents.

The format for providing full comparison and analysis is the responsibility of the agent, however the responsibility for ensuring **all relevant information** is provided in a written format to the consumer rests with the agent. Failure to do so may result in disciplinary action.

Replacement requirements apply when the policy to be replaced is a life insurance contract, temporary or interim insurance contract or a rider. The LIRD need not be completed if the replacement involves a disability, critical illness, group, or creditor insurance product.

Full instructions and guidance notes for replacement of life insurance policies have been developed by the Life Insurance Council, and will be located on the ICM website, along with a downloadable copy of the LIRD.

The appropriate Rule changes to incorporate this new procedure are in process, and further announcements are pending.



Life Insurance and Accident & Sickness Insurance AGENT RULES

Changes to the Life and Accident & Sickness Insurance Agent Rules are currently in process. Finalization of these changes are expected to be complete by the end of April, and include the necessary modifications to accommodate the LIRD, amend the supervision period for new agents to one year, and clarify the restrictions and obligations of agents licensed for less than one year and those of their supervising agents. Please refer to the ICM website for future announcements.

RESTRICTIONS OF GENERAL LEVEL I LICENSEES

Level III (3) Operating Agents/Brokers are reminded that Level I (1) licensees are prohibited from performing insurance related activities outside the office of a general insurance agency. This includes the delivering of an insurance policy, taking pictures of risks, collecting premiums and speaking with clients concerning insurance matters.

Level I (1) agents are restricted to inside sales and must be under the supervision of a Level II (2) or Level III (3) licensee. Allowing a Level I (1) licensee to conduct insurance related activities outside the office of a general insurance agency is a violation of the General Insurance Agents Licensing Rules and is subject to disciplinary action to both the operating agent and the Level I (1) licensee.

COUNCIL MEMBER CHANGES

In February, the Life Insurance Council of Manitoba bid farewell to **Don Manson**, former Chairperson of the Life Insurance Council of Manitoba and Vice-Chairperson of the Administrative Council of Manitoba. Don's experience, professionalism, and commitment to Council were immeasurable, and the Insurance Council of Manitoba wishes to express its appreciation for the many contributions he made during his six (6) years of service.

FOR A FULL LIST OF
COUNCILS AND
COUNCIL MEMBERS,
PLEASE REFER TO
THE INSURANCE
COUNCIL OF
MANITOBA
WEBSITE.



Brian McKinnon

New Council Member Brian McKinnon

The Insurance Council of Manitoba is pleased to welcome Brian McKinnon as a consumer representative to the Life Insurance Council of Manitoba. Mr. McKinnon's career includes twenty-five (25) years with Royal Bank Financial Group and he also served as a Partner with Sebeco Ernst and Young, was a Principal with Mercer HR Consulting, Assistant Vice-President with Crown

Life Insurance Company and Assistant Vice-President with Manulife Financial.

Since moving to Manitoba in 2001, he has worked as Vice-President of Total Compensation with Investors Group and Vice-President Compensation with People First HR Consulting. He currently works as Director of Pastoral Service for the Archdiocese of Winnipeg and is a

Partner with William Fouad Recruitment Inc.

Mr. McKinnon lives in Eriksdale, Manitoba and is a member of the board of the Eriksdale Community Development Corporation, the Interlake Development Corporation, Community Futures West Interlake, and a Trustee of St. Erik's church.

STAFF CHANGES

Audrey Treichel (Manager, Operations & Systems) and Laverne Dahlin (Investigator) have left ICM to pursue other career opportunities.

Heather Winters



Audrey and Laverne contributed much during their association with the Insurance Council of Manitoba, and we wish them well.

The Insurance Council of Manitoba is pleased to welcome Heather Winters to the position of Investigator. Heather has an extensive background in a variety of positions in the insurance industry, and is a welcome addition to the

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

ICM team. Heather is responsible for the investigation of all complaints at the Insurance Council of Manitoba, and can be contacted at hwinters@icm.mb.ca.

Disciplinary Actions



Carla Prette

Agent fined \$250.00 and assessed partial investigation costs of \$250.00 for failure to properly complete a disclosure statement. This matter was appealed to Insurance Agents and Adjusters' Licensing Appeal Board which upheld the fine and costs, and assessed an additional \$500.00 in costs.

Graham Smith

Agent fined \$500.00 and assessed partial investigation costs of \$250.00 for failure to properly complete a disclosure statement.

Edna Dyck

Agent's licence was suspended for two (2) weeks, and agent fined \$1,000.00 and assessed partial investigation costs of \$1,000.00 for contravention of the *Insurance Act of Manitoba*, Sections 375(1) Misrepresentation, Fraud, Deceit or Dishonesty, and General Insurance Agent Code of Conduct, Sections 1, 2 and 10.

BSI Insurance Brokers Ltd.

Agency fined \$2,000.00 and assessed partial investigation costs of \$750.00 for allowing unlicensed staff to conduct insurance transactions.

Robert Harder

Agent fined \$250.00 and assessed partial investigation costs of \$250.00 for failure to properly complete a disclosure statement.

Ross Desiderio

Agent fined \$2,000.00 and assessed partial investigation costs of \$1,500.00 for failure to provide proper limits, and failure to advise the client with respect to policy requirements, replacement cost and coinsurance, in violation of the General Insurance Agent Code of Conduct, Sections 2, 3 and 4.

Paula Schaeffer

This former general insurance agent was determined to be unsuitable to hold a General Insurance Agent Licence due to contraventions of the *Insurance Act of Manitoba*, including not placing coverage, confirming coverage that was not in place, placing improper coverage, forgery, and withholding cash payments.

Joel Bourgouin

Agent fined \$1,000.00 and assessed partial investigation costs of \$1,000.00 for replacement of insurance contracts with an insurer within one (1) year of termination of sponsorship in contravention of the *Insurance Act of Manitoba*, Section 378 (13). This matter was appealed to the Insurance Agents and Adjusters Licensing Appeal Board, which upheld the decision of the Insurance Council and assessed additional costs of \$1,000.00.

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.



Future Council Reports

This is the final version of the Council Report that will be distributed by regular mail as future Council Reports and other important announcements will be sent by electronic transmission. Please ensure that the Insurance Council of Manitoba has your current email address. Any changes may be sent to contactus@icm.mb.ca.

CRIMINAL RECORD CHECKS

Now and then Council receives criminal record checks that have not been properly completed by the law enforcement agency which issued it.

Please double check your birth date and the spelling of your name on the document before forwarding it to the Council, as we cannot issue a licence if the record search was done using incorrect information.

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