

Council Report

THE INSURANCE COUNCIL OF MANITOBA - Quarterly Council Report



SUMMER

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Visit our Website!

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

Website revamp coming soon!

www.icm.mb.ca

A LOOK INSIDE...
Meet our new council members...
Anti-Money Laundering and
Terrorist Financing...
and much more...

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Welcome to New Council Members

THE INSURANCE COUNCIL OF MANITOBA would like to welcome the following Council Members as recent appointments effective December 1, 2006.



Nemesio (Neme) Juan was born and raised in Laoag City, Philippines where he completed his early and secondary education in trade school. He went on to pursue his college education in Manila, Philippines and in 1962 he graduated with a Bachelor of Science in Industrial Education (BSIE) at the Philippine College of Arts and Trade.

Neme taught for 12 years as a vocational teacher at Manuel L. Queson High School in the Division of City Schools located in Manila, Philippines. In 1974, Neme immigrated to Winnipeg with his wife and two children.

Neme has worked at the Canadian Pacific Railways, Flyer Industries, and Polesystems Ltd. He then became a part time Area Manager for World Book Encyclopedia from 1975 to 1985 and experiencing success in sales, he started a career as a real estate agent. In 1989, he joined London Life as an insurance agent and has since retired from there in the year 2000. Neme continues on as an independent insurance broker.

Neme is actively involved in the liturgy of St. Peter's church, the Filipino Church organization, and other local community organizations.

Rosemary A. Henderson, FIIC grew up in England, immigrating to Canada in 1969. She began her insurance career in 1970 with Milnco Insurance and became a partner in the firm in 1973. Rosemary actively promotes further education within the office, having been a national prize-winner herself in achieving her FIIC in 1979. As Vice-President & General Manager of Milnco Insurance, she continues to be very involved with all aspects of the general insurance business.



Elaine McCracken joined Lindsey Morden in July, 1994 as an Administrative Assistant. Since that time, she has obtained her CIP and is currently pursuing her CRM.

Elaine is still employed by Cunningham Lindsey as a Control Adjuster for a large commercial account in Western Canada. Elaine also continues to complete telephone adjustments and liability investigations locally.

In her personal time, Elaine works as a board member for the Harstone Childrens' Center and enjoys Irish Dancing. Elaine is a proud mom to 6-year-old Kennedy, who recently competed in the Provincial MJB Bowling Tournament where her team placed 11th in the Province.

Jacqueline Desrochers was born in Scotland and moved to Canada in the early 1980's. Settling in Manitoba, she started in the insurance industry with a large brokerage firm in 1989. She began her career with Crawford Adjusters while going to university in 1992 and worked her way up to an Adjusters position. She worked briefly for an insurance company before returning to Crawford and completing her CIP designation. She now handles multi-line claims. Jacqueline enjoys married life with a 4-year old 'bundle of energy' to take up all her non-adjusting time. She previously held the position of President with the Manitoba Adjusters Association.

no photo
available



Susan Dumin began her career as an Independent Adjuster in 1993. Since that time she has been employed with various Independent Adjusting Firms in Winnipeg and until very recently was with CGI Adjusters Inc. handling property and casualty losses. She attained her A.I.I.C. in 1996.

Susan served for approximately 6 months on the Insurance Adjusters Council, but has retired from this position as of June, 2006 as she and her husband have relocated to British Columbia.

a word on

BRAND ...

THE INSURANCE COUNCIL OF MANITOBA

The new ICM logo was created as part of our bold new initiative to firmly establish brand awareness with our unique audience. Though not a marketing tool, not-for-profit organizations such as ours should view our brand (which is more than just the graphic representation or identity) as a symbolic and strategic guide for projecting to our stakeholders and the community at large, an organizational stability, with sound management and vision for the future in all its purposes and endeavours. Conscientious brand management, like fiscal prudence, good governance, transparency and accountability, is a principle relevant to us in that we care about the impact, importance and sustainability of our endeavors.

We are driven by the conviction of our work and the importance of the views we express and generate. This passion, vision and commitment is the basis on which we build our brand. More than a single message, logo or catchphrase, the brand is the platform on which the motivation behind our organization's work may be articulated, and the significance of our work may be appreciated.

The new ICM logo truly embodies and symbolically represents its fundamental core values, purposes and functions as an established non-profit organization.



- solid 'pillar-type' construction of the 'ICM' symbolically represents the stability and strength of our organization
- serif font was chosen as it typifies maturity, seniority, and leadership
- rooftop to the pillars suggests a protective and 'shielding' type of cover treatment signifying the overarching purpose to the ICM foundation - i.e., its function to serve and protect the public through the regulating of *The Insurance Act of Manitoba*
- roof line and step structure of the logo visually represents an institutional strength of presence and epitomizes the significance we place on further and continuing education in our industry
- as a whole, the strong look of the logo is significant in its representation of our authority and mandate as established by the Superintendent
- overall framework of the logo intended to render a confidence in all stakeholders as it signifies our embrace and promotion of the principles of fair and ethical conduct, integrity and competence
- one color chosen in contrast to white; a pantone blue for its clean, professional and authoritative feel
- logo style translates with equal strength when converted into a black and white adaptation

In summary, the ICM Mission Statement is the fundamental basis for what we do and therefore our new graphic symbol is the ultimate visual representation of why we do it. The strength of this logo is a reminder to all concerned (employee, board, stakeholder, agent, public) of the ultimate role of the ICM as an established governing body.

It is ultimately symbolic of our stability, strength and leadership, while still maintaining a contemporary feel in its application representing the energy and momentum the ICM has in moving towards its goals, in the best interest of the public and in our pursuit of excellence.

Combat Money Laundering and Terrorist Financing

*Please note the link on our Home Page for the Guidance Manual **

As you know, it's a legal obligation and a compliance requirement for every Life Insurance Broker and Agent in Canada to have written policies and procedures regarding anti-money laundering and anti-terrorist financing. This comprehensive Guidance Manual is designed to be used as written policies and procedures which meet compliance requirements. Moreover, under the Guidance Manual, section 3 provides detail concerning particular legal obligations, sections 5.2 and 5.3 provide indicators or "red flags" of suspicious transactions, descriptive scenarios of suspicious transactions can be found in Appendix A, and section 8 deals with making reports to FINTRAC.

The Guidance Manual is user friendly and written in plain language. It will be updated when the Bill C-25 amendments and related new and revised regulations come into effect. Any questions on this document with regards to duties and obligations under this legislation should be forwarded directly to **FINTRAC**.

*** Please note the following link on our Home Page -
Guidance Manual to Combat Money Laundering and Terrorist Financing**

www.fintrac.gc.ca
www.icm.mb.ca



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Managing

Conflicts of Interest



Protecting consumers is a key objective of **THE INSURANCE COUNCIL OF MANITOBA (ICM)**. To ensure consumers are protected, conflicts of interest between insurers, agents and brokers must be managed effectively.

Regulators, working with the industry, have agreed on three principles as best practices in managing actual or potential conflicts of interest. The principles promote consumer confidence in the insurance industry by outlining best practices for managing these situations when they arise. We hope you will put them to good use.

The three principles for best practices in MANAGING CONFLICTS OF INTEREST are:

- **PRINCIPLE NO. 1 - PRIORITY OF CLIENTS' INTEREST**

- * An intermediary must place the interests of the policy holders and prospective purchases of insurance ahead of his or her own interests.
- * A broker/agent must:
 - Not knowingly prejudice the interests of a consumer for personal gain;
 - Not take advantage of a client's or an insured's inexperience, ill health or lack of sophistication;
 - Be both candid and honest in advising the client or consumer; and
 - Act with integrity, competence and the utmost good faith.

- **PRINCIPLE NO. 2 - DISCLOSURE OF CONFLICTS OR POTENTIAL CONFLICTS OF INTEREST**

- * Consumers must receive disclosure of any actual or potential conflict of interest that is associated with a transaction or recommendation;
- * The disclosure provided to consumers should be brief and tailored to the purchase decision;
- * The format of the disclosure may be flexible and tailored to different products and distribution channels;
- * The disclosure should include the following:
 - The names of insurers represented and names of any insurers with which a significant volume of business is placed;
 - Information regarding the extent of the search by the broker / agent for a competitive price and suitable product;
 - The methods of compensation, salary, commission, bonus, contingent profit commission; and
 - Information about any other relationships that may cause actual or potential conflicts of interest including ownership, loans and other financial links, and non-monetary benefits.

- **PRINCIPLE NO. 3 - PRODUCT SUITABILITY**

- * Brokers and agents should explain to their clients and document the reasons for recommending a particular product. The recommended product must be suitable for the needs of the consumer;
- * If a product is offered without advice, the advisor should inform the client that no advice is offered;
- * The expected outcomes include the following:
 - A broker/agent should conduct fact finding appropriate to the circumstances and assessment of the client's insurance needs;
 - The needs assessment should be flexible and reflect factors including: underlying risk, client's objective and complexity of the product being sold; and
 - The broker's or agent's product should meet the client's identified needs.

Several industry associations have prepared tools to help you apply these principles. For a list of online resources, go to www.ccir-ccra.org/CCIR/iprc.htm. This page will be updated as new resources become available, so visit it often.

You may also be called upon in the new year for participation in assessing the degree of application of these principles in the marketplace, as in 2008 ICM plans to review the use of these principles by agents and brokers in the marketplace.



Unauthorized Adjuster

On January 10, 2007, Laurie Tomlinson (Risk Sure Inc.) pled guilty and was convicted in Manitoba Provincial Court of seven counts of violations of the *Insurance Act of Manitoba*, including:

Sections 385 (8) "acting as an adjuster without a licence by directly negotiating, investigating, adjusting or settling a loss or claim for compensation or reward or the hope or expectation thereof".

Section 391 "any person who, not being duly licensed as an agent, a broker, or an adjuster, represents or holds himself out to the public as being engaged in the insurance business, by means of advertisements, cards, circulars, letterheads, signs or other methods, is guilty of an offence".

Mr. Tomlinson was previously convicted of four counts of acting as an adjuster without a licence by directly negotiating, investigating, adjusting or settling a loss or claim, for compensation or reward or the hope of expectation thereof" on May 19, 2005.

The January 2007 outcome further validates the consistently held position of THE INSURANCE COUNCIL OF MANITOBA with regard to unlicensed activity in the insurance industry.

CE Course Providers

We continue to audit accredited course providers on a random basis for form and content of the courses. At this time, we are temporarily suspending the requirement to provide attendees with the Seminar/Course Evaluation form, as we believe they have served a useful purpose. Council however does reserve the right to reinstate the program at a later date.



Insurance Act Update

Amendments to the Insurance Act which were tabled and passed first reading in November as Bill C11, the Insurance Amendment Act, were not enacted before the May election. The Bill will likely be reintroduced in the fall, possibly with amendments.

Highlights include changes to penalties on summary convictions, and court ordered restitution.





Q. With the completion of the full LLQP, am I required to obtain credit hours for the upcoming renewal?

A. With the successful completion of the full LLQP, you are exempt from the required 30 Continuing Education Credit Hours (CEC's) for that licensing period only. You are required to accumulate 30 Credit Hours for each licensing year thereafter. For example: You become licensed with our office in March 2007 - you are therefore exempt from obtaining CEC's until May 2007 of that same year. You are required to begin obtaining your 30 CEC's in June 2007 and must submit them to our office in May 2008 of the following year.

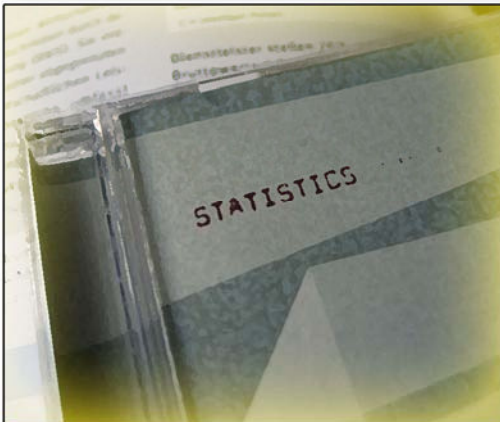
Q. How long must a brokerage retain files of ex-policy holders?

A. There is no provision within the Act that relates to the retention of records; however, it is the position of the Council that in keeping with good business practice, files be maintained for seven to ten years.



Q. With the New Driver's Licence Program, is it permissible for unlicensed persons to perform duties relating to driver's licence photos?

A. No. Only licensed brokers should be renewing driver's licenses as there is an insurance component connected to driver's licences.



THE INSURANCE COUNCIL OF MANITOBA Statistics March 31/2007

ACTIVE LICENCES	7,353	LICENCES CANCELLED	5
- Life	2,458	- Failure to upgrade to Full Life License	4
- General	2,923	- Cancelled due to failure to have E&O coverage	1
- Accident & Sickness	1,887		
- Adjusters	70		
- Assistant Adjusters	15		

COMPLAINT STATISTICS

- Total number of complaints opened between April 1, 2006 and March 31, 2007	93
- Total number carried forward from previous year	24
- Total number of complaints dealt with in 2006/2007	94
- Total number of complaints outstanding at March 31, 2007	23

NEW COMPLAINTS PER COUNCIL	93	TOTAL EXAMS WRITTEN	505
- Life	57	- Examinations Passed	331
- General	29	- Examinations Failed	174
- Adjusters	7		

DISCIPLINARY DECISIONS

ALAIN DURAND - Council determined that this Life Insurance applicant is unsuitable to hold a Life Insurance Agent licence and therefore his application was refused.

JOHN CARDOSO - Council determined that this Life Insurance Agent pay a fine in the amount of \$1,000.00 and partial investigation costs of \$500.00 for conducting business while unlicensed.

VERN DOERKSEN - Council determined that this Life Insurance Agent pay a fine in the amount of \$250.00 and costs of \$250.00 for replacing business of his former sponsor within one year of termination of sponsorship.

RYAN SECORD - Council determined that this Life Insurance Agent pay a fine in the amount of \$250.00 and costs of \$250.00 for replacing policies of his former sponsor within one year of termination of sponsorship.

GUILLERMO FIEBELKORN - Council determined that this Life Insurance Agent be fined \$750.00 and assessed costs in the amount of \$500.00 for failure to properly complete a disclosure statement.

TERRY SZYDLIK - Council determined that this Life Insurance Agent pay a fine in the amount of \$500.00 and costs of \$250.00 for failure to properly complete a disclosure statement (essential information omitted from the form, as he did not review the policy). In addition, the information was initially provided on a form not sanctioned for use in Manitoba.

CLIFFORD PACKER - Council determined that this Life Insurance Agent is unsuitable to hold a Life Insurance Agent licence and was assessed a fine in the amount of \$5,000.00 and costs of \$2,500.00 for forgery of client signatures and misappropriation of client funds.

NORSTAR INSURANCE AGENCY - Council determined that this Insurance Agency pay a fine in the amount of \$1,000.00 and costs of \$500.00 for using unlicensed staff to conduct insurance transactions.

LINDA VAN NEST - Council determined that this Life Insurance Agent be fined \$500.00 and assessed costs of \$500.00 for failure to properly complete a disclosure statement.

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.

CONTINUING EDUCATION

Please note, as stated in previous Council Reports, that it remains absolutely imperative that applications and continuing education supplements are filled in accurately and completely.

Council has been moving toward major licensing database system upgrades for automated calculation of Continuing Education credit hours with a view to having agents enter their credits online. This project is a major undertaking and should be in place by the end of this year.

Deferred Service Charges (DSC's) and Segregated Funds

THE INSURANCE COUNCIL OF MANITOBA has recently examined its position with regard to the reimbursement of deferred service charges (DSC's) by insurance representatives when funds are transferred to or between segregated funds.

The Council has historically interpreted *The Insurance Act of Manitoba*, specifically section 113 (1)(e) to include the repayment or reimbursement of these charges. The Council acknowledges that all reimbursements may not constitute a violation of the Act.

When funds are surrendered for transfer to alternative investment options, the representative is required to consider the best interests of his client, in accordance with the *Life Insurance Agent Code of Conduct*. The priority of policy owner interests must, at all times, be the primary motivation of the agent.

When surrendering segregated funds for transfer into any other product, the defining and significant features of the funds must be completely considered, and all potential implications disclosed to and discussed with the client.

On an individual basis, if you are unsure of whether the reimbursement of a DSC of a segregated fund in a particular situation would constitute a violation of *The Insurance Act of Manitoba*, you are encouraged to contact **THE INSURANCE COUNCIL OF MANITOBA** for consideration and clarification.



Moving Forward - PROJECTS

We are very busy working on not only the **upgraded computer system**, but are also undertaking a **complete review of our Codes of Conduct**, all licensing rules, all application forms and the mandatory **E&O requirements**.

We will be reporting on our progress in future editions of the Council Report.



CISRO (Canadian Insurance Services Regulatory Organization)

The National CISRO Spring Conference was hosted in Winnipeg for the first time - and it was a tremendous success!

Both our great city and the ICM received accolades for hosting a superb conference!