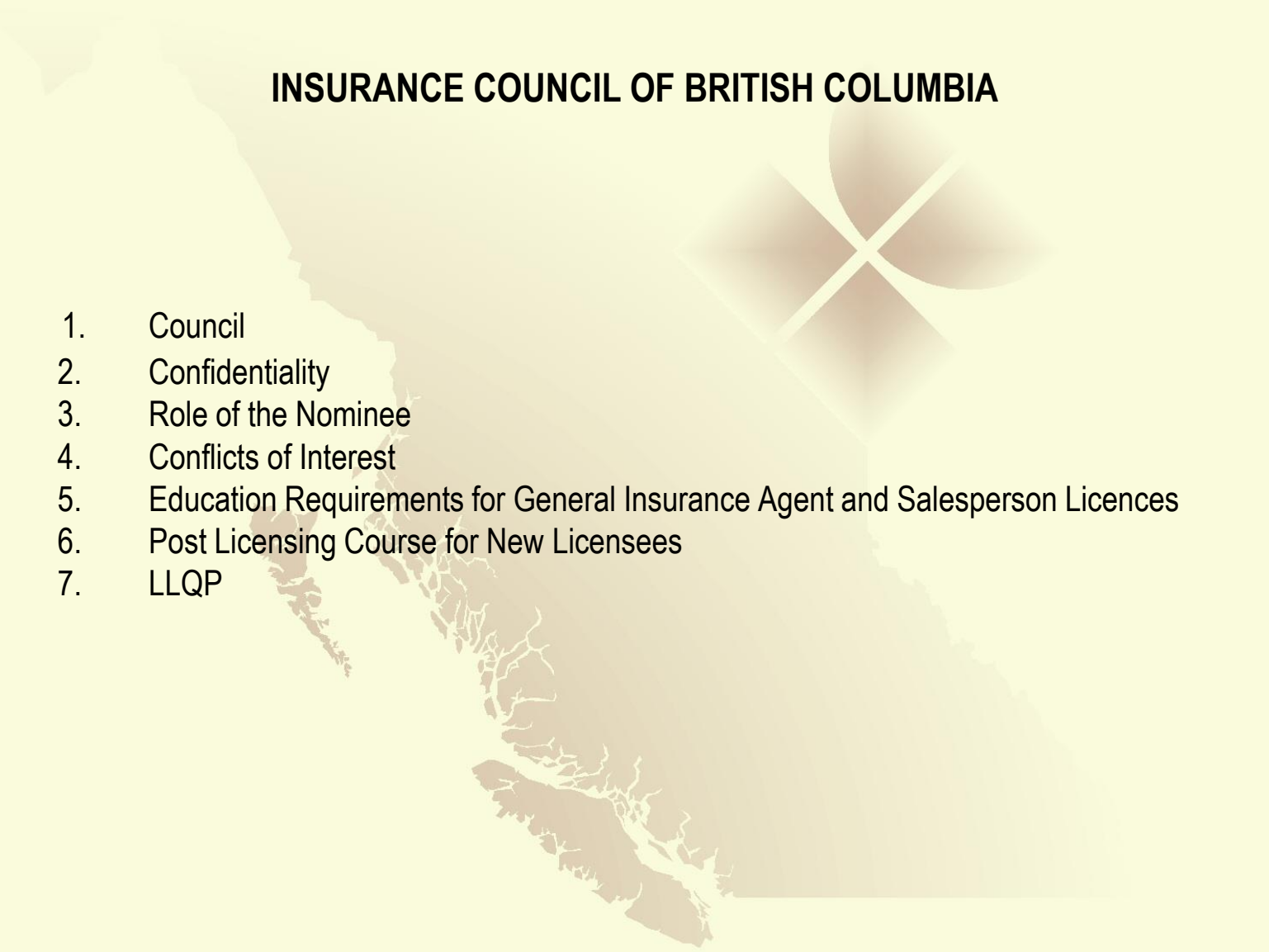




**INSURANCE COUNCIL  
OF  
BRITISH COLUMBIA**

**CREDIT UNION INSURANCE SERVICES ASSOCIATION**

**JUNE 3, 2015**

The background features a large, light-colored map of British Columbia. Overlaid on the map is the logo of the Insurance Council of British Columbia, which consists of a stylized four-leaf clover or flower shape with a white cross in the center.

## INSURANCE COUNCIL OF BRITISH COLUMBIA

1. Council
2. Confidentiality
3. Role of the Nominee
4. Conflicts of Interest
5. Education Requirements for General Insurance Agent and Salesperson Licences
6. Post Licensing Course for New Licensees
7. LLQP

## **COUNCIL (AND OTHER STUFF)**

1. Insurance Council of B.C.
2. Council Rules
  - Authority to Represent
  - Disclosure, Disclosure, Disclosure
3. Continuous Licensing Model
  - i. Annual Filings
  - ii. Continuing Education
    - when a new licence is issued between March 1 – May 31
    - when a licence is inactive
    - in-house training

## CONFIDENTIALITY

The most concerning problem being encountered by Council is the (mis)use of client information for reasons other than to conduct an insurance transaction.

Council continues to discipline insurance agents and salespersons, with licence suspensions or terminations, as a result of improper access or use of a person's personal information.

Council believes it is only seeing a small portion of the improper access occurring and the penalties it is handing out are not resulting in improved behavior. Going forward when a breach occurs, Council will be looking at the agency and nominee to determine whether enough was being done to ensure licensees understood their responsibility.

## CONFIDENTIALITY

An agency and the nominee are responsible for the actions of the licensees authorized to represent the agency.

Agencies are expected to:

- i. Develop and implement prudent policies & procedures to address proper practice involving handling and use of personal information.
  - ICN 15-003 announced additions to Council's Code of Conduct regarding Confidentiality Guidelines, addressing such issues as use of client information, sale of books of business and the need for express client authority.
- ii. Establish training to ensure all staff are aware of their obligations regarding the use of client information.
- iii. Implement a zero tolerance policy.
- iv. Report all breaches to Council.

## ROLE OF THE NOMINEE

It is a nominee's responsibility to ensure that the agency's insurance activities are being properly supervised at all times. In the past year, Council has encountered a number of situations where this has not occurred. These include:

- Level 1 salespersons acting contrary to their licence restrictions, including working outside the office, signing policies (through use of signature stamps) and little or no supervision (ICN 15-004)
- Unlicensed activity.
- Misuse of client information.
- Failure to make timely disclosure.

## **ROLE OF THE NOMINEE**

Council appreciates that nominees who are employees and not owners sometimes face additional challenges in fulfilling their duties and responsibilities as nominee. Unfortunately, an “employee” nominee’s responsibility is the same as an “owner” nominee.

While an owner nominee has no excuse if he or she has failed to properly fulfill his or her duties as a nominee, the same may not be said for an employee nominee so long as he or she has made the employer aware of the agency’s responsibilities, properly documented it and, when it involves serious matters, brought it to Council’s attention.

## CONFLICTS OF INTEREST

In January 2015 Council published guidelines governing potential and actual conflicts of interest (ICN 15-001). The policy addresses issues such as:

- i. Other employment
- ii. Relationships with insurers and third parties
- iii. Claims handling
- iv. Client disclosure (i.e. are you a broker, agent or direct writer?)



## LICENSING CRITERIA

The current licensing criteria for salespersons and agents is in need of review.

To obtain a Level 1 Salesperson's licence an individual must complete CAIB 1, the Fundamentals of Insurance or equivalent offered by the Insurance Institute of Canada .

To obtain a Level 2 general insurance agent's licence an individual must complete CAIB 2 & 3 or equivalent offered by the Insurance Institute of Canada.

To obtain a Level 3 general insurance agent's licence an individual must complete CAIB 4 or equivalent offered by the Insurance Institute of Canada and have at least five years licensed experience.

## LICENSING CRITERIA

Once licensed a:

**Level 1 Salesperson** is restricted from working outside the office (except when acting as a mobile roadrunner; cannot sign policies and must be under the direct supervision of a general insurance agent.

**Level 2 general insurance agent** has no restrictions, even if they have no experience (and there are no experience requirements for obtaining a Level 2 agent's licence).

**Level 3 general insurance agent** must have at least five years licensed experience (with at least three as a Level 2 agent).

## LICENSING CRITERIA

Currently, the skills profile on which the education criteria for each level of licence is based, consists of:

**Level 1 Salesperson** – basic and intermediate levels of knowledge for property insurance, liability insurance (as it applies to personal lines), automobile insurance and travel/accident & sickness insurance; basic knowledge on commercial lines; and various soft skills, including sales, ethics, legislation and general industry knowledge.

**Level 2 general insurance agent** – advanced levels of personal lines, commercial lines, automobile and travel and accident & sickness; as well as various advanced soft skills knowledge.

**Level 3 general insurance agent** – the soft skills such as agency management, human resources and general industry knowledge.

## LICENSING CRITERIA

The recent discussions from the Insurance Corporation of B.C. about requiring mobile road services agents to have a Level 2 licence and issues relating to the current education criteria for a Level 2 licence and a Level 3 licence suggest it may be time to revisit the education and experience requirements for general insurance licensees.

Some of the issues up for discussion are:

1. Should Level 1 Salesperson be permitted to be paid primarily on commission?
2. Should there be a minimum experience requirement to obtain a Level 2 licence?
3. Should there be multiple education streams to obtain a Level 2 licence?
4. What, if any, education requirement should there be for a level 3 licence?



## POST LICENSING COURSE

Council is preparing a new course which, when completed, will have to be taken by all new licensees, most likely within 90 days of obtaining their licence.

The course will be offered on-line and should not take more than two hours. The course will cover a licensee's regulatory responsibilities such as Council's Rules and its Code of Conduct.


## LIFE INSURANCE

In conjunction with all other Canadian jurisdictions, the current education requirement for a life & accident and sickness insurance agent's licence, the life licensing qualification program ("LLQP"), is being updated. The LLQP was introduced in 2001 and, in response to industry feedback during the ensuing period, it was determined a major review was required.


While the material covered in the LLQP is basically unchanged, a number of improvements are being made to make it a better experience for the students. These include:

- i. Common study material to be used by all LLQP education providers
- ii. Access to the study material during the LLQP exam
- iii. A four modular exam.

The new LLQP course and exam will be implemented on January 1, 2016.

A large, faint, light-colored map of British Columbia serves as the background for the slide. The map shows the province's coastline, major rivers, and internal boundaries.

# **INSURANCE COUNCIL OF BRITISH COLUMBIA**

A faded version of the British Columbia flag is positioned in the upper right quadrant of the slide. The flag features a white saltire (X-shape) on a blue field, with a red and white floral emblem in the upper left canton.

Questions?

**[insurancecouncilofbc.com](http://insurancecouncilofbc.com)**