
INSURANCE COUNCILS OF SASKATCHEWAN

Bulletin

November 1999

ICS Mission Statement

The Insurance Councils of Saskatchewan (ICS) are committed to a fair, ethical and professional industry which ensures that consumers receive responsible, trustworthy advice and service regarding insurance and financial matters.

Life Licensees

Segregated Funds

Licensees are reminded that effective January 1, 2000, existing licensees may not sell segregated funds unless they have successfully completed one of the following courses approved by the Life Insurance Council:

- Canadian Association of Insurance and Financial Advisors (CAIFA) Seg Fund Course
- Canadian Bankers Investment Funds Course
- Canadian Investments Funds Course offered by the Investment Funds Institute of Canada
- Canadian Securities Course offered by the Canadian Securities Institute
- The Great-West Life Assurance Company Seg Fund Course

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- London Life Insurance Company Seg Fund Course
- Primerica Life Insurance Company of Canada Seg Fund Course (restricted – qualifies licensees to sell Primerica Seg Funds Only)

Students who are enrolled in the CAIFA Seg Fund Course and will be writing the examination in December 1999 will be allowed to sell seg funds in January 2000 or until the marks are received, if they provide Council with evidence the exam was written.

Licensees who are unsuccessful in passing the exam will not be able to continue with the sale of seg funds.

When are Disclosure Statements not required?

Council receives inquiries from licensees asking if Disclosure Statements are required in specific circumstances. The most common questions are:

Do I need to do a Disclosure Statement...

- when replacing a segregated fund or using a segregated fund to replace an existing life insurance policy?
- when a spousal rider is being dropped from a policy and an application is being made for a new individual policy owned by the spouse?
- when replacing group insurance with a permanent, individually owned product?

The answer to all of the above questions is that a Disclosure Statement is **not** required.

Level II Seminar

The Life Insurance Council of Saskatchewan has been advised that a seminar is available in the Saskatchewan marketplace which may assist licensees in preparing to challenge the Life Insurance Council of Saskatchewan Level II Examination.

Information about the seminar can be obtained from:

The Self Management Institute
155 Rexdale Boulevard, Suite 304
Toronto ON M9W 5Z8
Tel: (416) 746-0444
Fax: (416) 746-6484

Level II Education

Just a reminder that the Level II education requirements were reintroduced in 1998. The first compliance period will commence February 1, 2000.

Licensees successfully completing the Life Insurance Council of Saskatchewan Level II Examination, CAIFA Level II Examination, Insurance and Financial Advisors Training Course (IFATC) or the Fraternal Insurance Counsellor Course (F.I.C) are reminded to forward Council a copy of their marks in order for the licence file to be updated.

Life Continuing Education Booklet

The Life Continuing Education Booklet was mailed to licensees near the beginning of October. If you have not received the booklet, please contact Council to obtain a copy.

Licensees are reminded that the first reporting period will commence January 1, 2001. This means that all individuals renewing on or after January 1, 2001, will be required to have attained thirty credit hours of education by their renewal date.

Pre-approved Course Providers

The Canadian Association of Insurance and Financial Advisors (CAIFA) was inadvertently omitted from the pre-approved course provider list. The address and contact is as follows:

CAIFA
c/o Rob Harracksingh
41 Lesmill Road
Don Mills ON M3B 2T3
Tel: 1-800-563-5822 Ext 255
Fax: (416) 444-8031

The Mutual Life of Canada should have been identified as the Clarica Life Insurance Company.

Please contact the Council office should you require clarification on any issue in the booklet.

All Classes Licensees

General Continuing Education Booklet

Licensees have received the Continuing Education Booklet as well as a follow-up letter to ensure licensees are aware of the education requirements.

Council has approved two additional pre-approved course providers. We ask that you add these names to the Continuing Education Booklet. They are as follows:

Positive Presentations Plus
c/o Elaine Allison
2241 Stafford Avenue
Port Coquitlam BC V3C 4X5
Tel: (604) 723-7774
Fax: (604) 944-7186
e-mail: eallison@home.com

Red River Valley Mutual Insurance Company

c/o Alvin Ginter
Box 940

Altona MB R0G 0B0

Tel: 1-800- 370-2888

Fax: (204) 324-1316

e-mail: marketing@rrvmi.mb.ca

Any questions needing clarification, can be answered by Council staff.

Entry Level licence Restrictions

The Level I Licence restricts a licensee from (1) signing an application or insurance policy declaration page (2) using a signature stamp or other facsimile to substitute the signature of a licensee who is permitted to sign applications or insurance policy declaration pages and (3) performance of management duties.

Licensees who opt to successfully complete the CAIB 1 course are granted a Level II Licence. Level I restrictions, with the exception of performing management duties therefore do not apply.

Professional Designations

Licensees who are taking courses to earn a professional insurance designation..ie) AIIIC, FIIC, CAIB, CCIB or CPCU are reminded to forward a copy of the marks to Council as soon as they are available.

All Licensees

Telemarketing

Councils are currently aware of the increasing calls being received in Saskatchewan by telemarketers.

Insurance telemarketers calling into Saskatchewan must be licensed with the Insurance Councils of Saskatchewan.

Below is an excerpt from the Canadian Life and Health Insurance Association Inc. regarding the activity of telemarketers.

“The Federal Competition Act was amended earlier this year to impose new disclosure requirements on salespersons promoting the supply of a product or soliciting business over the telephone. Agents and employees selling financial products and services are caught by the new law that now makes deceptive person-to-person calls a criminal offence. The purpose of these provisions is not to regulate insurance distribution but to stop fraudulent activities and telemarketing scams.

The law requires that telephone sales calls follow certain practices in order to avoid prosecution.

At the very beginning of the communication, all callers must disclose:

- the name of the corporation or person they are working for;
- the type of product or business they are promoting; and
- the purpose of the call.

Sometime during the communication, the callers are also required to disclose the price of any product being sold and any restrictions or conditions that must be met before the product is delivered.

Moreover, the law forbids callers from making any representation that is false or misleading in a material respect. This complements similar provincial offences under insurance legislation. In case of rule violation, the Competition Bureau will share enforcement with the provinces' insurance authorities depending on circumstances.

Corporations can be liable for the deceptive telemarketing of an employee or agent. The law provides that corporate officers or directors may be charged as parties to the offence and found guilty unless they establish that they exercised due diligence (duty of care) to prevent the offence. This provision is to help ensure that the individuals who are directing the improper operations can be charged, as well as those on the phones.”

Charging of licence fees to insurance agents operating within an urban or rural municipality

Generally, Section 461, subsection (1) of The Saskatchewan Insurance Act exempts insurance agents from having to pay any licence fee to a city, town, village or rural municipality. However, subsection (2) negates subsection (1) where a specific bylaw has been passed by the municipality.

The problem arises where municipalities attempt to apply a transient trader bylaw that is applicable to goods and services provided by door to door salespeople and/or other tradesmen. This bylaw will not work and is made invalid by Section 461 (1) of The Saskatchewan Insurance Act as it relates to insurance agents.

461 (1) The holder of a subsisting licence under this Part shall be exempt from payment of any licence fee imposed by a municipal corporation in Saskatchewan for the transaction of the business of insurance or for acting as an adjuster.

(2) Subsection (1) does not apply to a licence fee of a municipal corporation where the council of the municipal corporation has, by bylaw under the authority of the Act governing the municipal corporation, provided that the tax in respect of the business of insurance or for acting as an adjuster shall be deemed to be that licence fee.

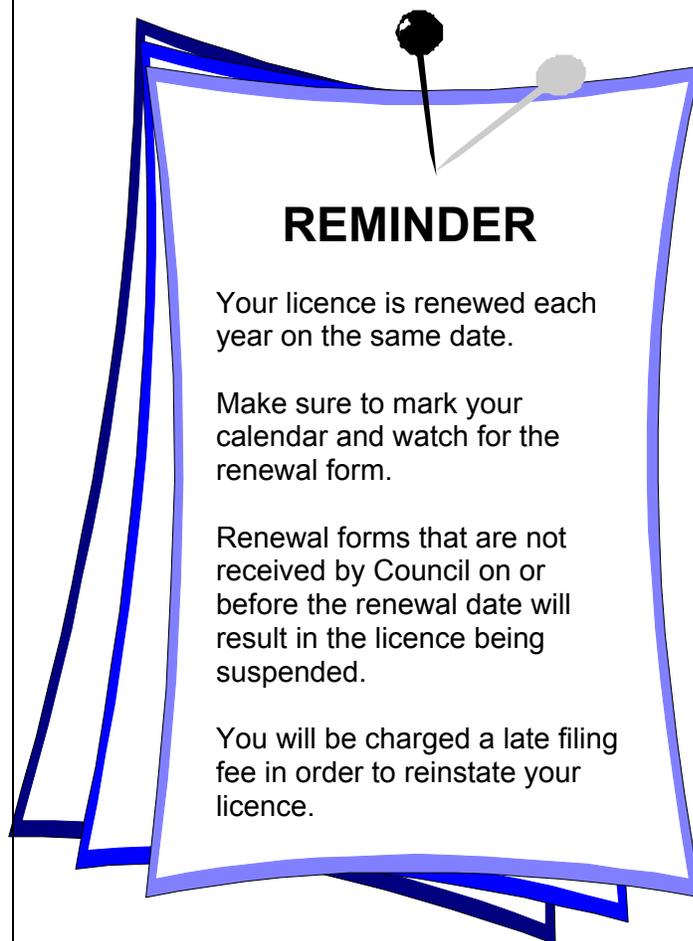
The bylaw that a municipality must pass is, “A bylaw to convert business tax to a licence fee.”

Licenses requiring a draft copy of the municipal bylaw may contact the Council office at (306) 347-0862 or fax (306) 569-3018.

Misleading literature

The Life Insurance Council recently was successful in having an insurer amend its advertising and policy wording to address a concern of Council.

Council does not have jurisdiction over the conduct of insurers, however, when Council becomes aware of advertising by an insurer that Council believes may mislead the public, Council will endeavor to bring those concerns to the attention of the insurer.



Offences, Penalties and Enforcement

The following are excerpts from The Saskatchewan Insurance Act in reference to offences, penalties and enforcement issues that may be of interest:

- An agent is personally liable to the insured on any contract of insurance unlawfully effected by or through him directly or indirectly with any insurer not licensed to transact insurance in Saskatchewan, in the same manner as if the agent were the insurer.
- Every person who makes a false or misleading statement in any application or in any proceeding or in response to any audit, examination, inspection or investigation is guilty of an offence.
- Every person who is guilty of an offence is liable on summary conviction to:
 - (a) in the case of an individual, a fine not exceeding \$500,000, to imprisonment for a term not exceeding 12 months or to both;
 - (b) in the case of a corporation, a fine not exceeding \$1,000,000.
- Every insurer and every general agent is, after the end of each calendar year, liable to a penalty of \$250 with respect to each unlicensed agent from which he, she or it accepted an application for insurance, or to whom he, she or it transmitted a policy of insurance during that calendar year.

Tidbits

- Old licensing application forms are no longer accepted. Please contact Council if you require a supply of new forms.
- Bylaws are amended on a regular basis. You may obtain a current copy from Council at any time.
- Complete the renewal forms promptly! The holiday season is a busy time and many forms are mislaid in error. You may attach a post-dated cheque to your renewal form if this is more convenient to your business activity.
- It is the licensees responsibility to ensure E & O is renewed on an annual basis.
- A copy of the E & O must accompany all applications and transfers for Life and/or Accident & Sickness licensees with the exception of annual renewal forms.
- All Classes other than Life Licensees do not receive credit hours for taking or attending the Fundamentals of Insurance Course.
- Taking courses to obtain an insurance or financial planning designation may qualify for continuing education credit hours. Contact the education body to determine which courses will qualify.

Disciplinary Action

June 2 to November 1, 1999

A licensee using any information in this Bulletin to discredit another licensee or any other person will be in violation of the bylaws and called to account for their actions.

Letters of Warning

John Seymore Elmy representing the Primerica Life Insurance Company of Canada received a Letter of Warning when he failed to attempt to obtain from the existing insurer, current policy values that would have enabled him to fully complete a Disclosure Statement for a policyholder.

Ernest Peter Sandberg representing the general insurance agency of Rodney John Fenuik, received a Letter of Warning for failing to act with integrity, when he was found to have attempted to obtain policy and underwriting information from an insurer without the policyholder's authorization.

Raymond Alvin Yelland representing The Maritime Life Assurance Company received a Letter of Warning for failing to present and review with a policyholder, a fully completed Disclosure Statement prior to the replacement of an existing policy of insurance. The Disclosure Statement he prepared was left blank in a number of areas.

Disciplinary Hearings

Arthur Wayne Blythman representing The Manufacturers Life Insurance Company had his Life and Accident & Sickness Licence suspended for a period of ninety days, commencing October 1, 1999 through to and including December 29, 1999.

Mr. Blythman admitted to signing a policyholder's name on several insurance documents and by doing so misled the insurer by letting the insurer believe that it was the policyholder's signature. He, as well admitted that he asked the spouse of a policyholder to sign her husband's name on documents requiring the signature of the policyholder, and by doing so, misled the insurer by letting the insurer believe the signatures were those of the policyholder. He was, as a result of the conduct, found to have been not carrying on business in good faith and was found to have made false and/or misleading representations during the course of selling or servicing insurance.

Remarks from the Superintendent

In the July 1999 Bulletin, I reported to you on a new initiative of insurance superintendents, securities commissions and pension regulators called the Joint Forum of Financial Market Regulators. As Superintendent of Insurance for Saskatchewan, I am one of the four insurance superintendents who are members of the Joint Forum.

JOINT FORUM PROJECT

On October 5, 1999, the Joint Forum approved a longer term project with respect to proficiency and licensing requirements for all intermediaries engaged in the sale of financial services products.

The members of the working group who are defining the parameters of the project and preparing a work plan are the Financial Services Commission of Ontario, the Nova Scotia Securities Commission, the Quebec Securities Commission and the Saskatchewan Superintendent of Insurance.

The objective of the project is to develop a harmonized approach, irrespective of regulatory regime, with respect to:

- a common code of conduct for all financial services intermediaries, i.e., national common core practice standards on which other regulatory and trade organizations can build and flesh out. The national common standards would compliment more detailed standards created by the other organizations;
- competency rules, i.e., a unified, common, minimum qualification and entry standard applicable to all financial services intermediaries;
- minimum continuing education requirements for all financial services intermediaries;
- licensing of financial services intermediaries who provide more than one category of service.

The rationale for the project is that consumers are entitled to the same protection, regardless of the type of financial product purchased or where it is purchased. The law and regulatory systems governing the distribution of all financial products should be harmonized and coordinated to the extent possible.

The project will be undertaken in four separate and sequential phases. The first phase will be to develop a common code of conduct or practice standard. The other three phases will follow over the next several years.

When the working group has finalized its work plan for the first phase of the project, I will provide you with more particulars in the Bulletin.

CCIR STRATEGIC PLAN

The strategic plan of the Superintendents of Insurance, collectively known as the Canadian Council of Insurance Regulators (CCIR) has now been approved. Highlights of the CCIR Strategic Plan 1999-2004 include:

Vision

An acknowledged leader in the development and harmonization of insurance regulation and policy, working co-operatively with other financial services regulators to enhance consumer protection.

STRATEGIC OBJECTIVES

Improve internal and external communications

- ✓ Develop and communicate agreed CCIR positions on current regulatory issues – market conduct regulation, inducements, protection of privacy and tied selling.
- ✓ Adopt memorandum of understanding/principles of co-operation on sharing of information with other financial services regulators.

Develop capacity to implement harmonized regulation while recognizing local autonomy:

- ✓ Working through the Joint Forum of Financial Market Regulators, develop a framework for harmonizing the regulatory regimes for individual variable insurance contracts and mutual funds.
- ✓ Working through the Joint Forum of Financial Market Regulators, establish a model proficiency standard for insurance licensees and securities registrants offering financial planning advice.
- ✓ In conjunction with the Council of Insurance Regulatory Organizations (CISRO), establish consistent national standards for life agent education.

Establish working relationships with other financial services regulators.

- ✓ In conjunction with securities and pension regulators, establish and hold regular meetings of the Joint Forum of Financial Market Regulators.
- ✓ Establish a forum for the coordination of regulatory activities with CISRO.
- ✓ Establish a forum for coordination of regulatory activities with regulators of deposit-taking institutions across Canada.

Advance consumer protection initiatives.

- ✓ Develop standards for point-of-sale disclosure
- ✓ Develop a sales practice code.
- ✓ Work with industry to establish a process for clarifying the terms of insurance contracts.

- ✓ Identify effective enforcement powers
- ✓ Explore industry-funded alternative dispute resolution mechanisms for resolving insurance disputes.

I look forward to updating you on these initiatives as they take shape over the next year. If you have any questions or comments about these Joint Forum and CCIR activities or any other aspect of the role of the Superintendent of Insurance in Saskatchewan, please call me at (306) 787-7881 or send an e-mail to jhall@justice.gov.sk.ca

General Insurance Council

IBAS Appointments

Chairman
 Irvin Bender Tel: (306) 642-5977

Vice Chairman
 J. Bruce Pendleton, AIIC, CAIB Tel: (306) 244-7955

J. Drew Byers, AIIC Tel: (306) 653-2233
 Dwight Dunn, CAIB, CCIB Tel: (306) 698-2513

Superintendent Appointments

Dave Prociuk, AIIC Tel: (306) 651-4424
 Hugh Smith Tel: (306) 789-7720
 Doug Wright Tel: (306) 934-7312

Hail Insurance Council

CCHA Appointments

Chairman
 Rennie McQueen Tel: (306) 955-1330

Rob Goeres Tel: (306) 584-8844
 Scott Wray Tel: (306) 694-1797

Superintendent Appointments

Vice Chairman
 Leon Cornet Tel: (306) 648-3456

Arden Body Tel: (306) 372-4383
 Dwayne Mitchell Tel: (306) 446-1326
 Walter Weir Tel: (306) 586-9750

Life Insurance Council

CAIFA Appointments

Chairman
 Wayne Joyce, CFP, CLU, CH.F.C. Tel: (306) 757-4171

Gil Ennis, CFP, CLU, CH.F.C. Tel: (306) 789-3744
 Fred H. Smith, CFP Tel: (306) 664-7400

CLHIA Appointments

Vice Chairman
 Ron Fullan Tel: (306) 751-6333

Harvey Ross, CLU, CH.F.C. Tel: (306) 586-8121
 Brian Kilback, CFP, CLU, CH.F.C. Tel: (306) 757-8631

Superintendent Appointments

Tracey Bakkeli Tel: (306) 565-5238
 Amber Bieber Tel: (306) 373-8257
 Beverly DeJong Tel: (306) 729-4330

ORGANIZATIONS AND ASSOCIATIONS

CCHA Canadian Crop Hail Association
CLHIA Canadian Life & Health Insurance Association
IBAS Insurance Brokers' Association of Saskatchewan
CAIFA Canadian Association of Insurance and Financial Advisors

Staff

Ernie Gaschler Administrator
Ernie.gaschler@ibas.sk.ca

Penny Barlow Licensing Officer/
Compliance Assistant
Penny.barlow@ibas.sk.ca

Annette Graff Administrative Assistant
Annette.graff@ibas.sk.ca

Diane Lindsay Licensing Officer
Diane.lindsay@ibas.sk.ca

Cindy Swales Licensing Officer
Cindy.swales@ibas.sk.ca

John Waugh Director of Compliance
John.waugh@ibas.sk.ca

Complaints (306) 352-7870
Licensing (306) 347-0862
Fax (306) 569-3018



**Insurance Councils of
Saskatchewan
310 - 2631 – 28th Avenue
Regina SK S4S 6X3**

Insurance Brokers' Association of SK

Examinations and Study Material

Ingried Stroeder Exam Co-ordinator

Exam Scheduling (306) 525-5900
Fax (306) 569-3018



BYLAW AMENDMENTS

As of November 1, 1999

GENERAL BYLAWS

- Section 17. (1) Continuing education must be directly related to knowledge relevant to giving advice about general insurance products or services, or the operation of a general insurance business. This includes programs that are structured for the specific purpose of education, but excludes activities such as programs and meetings primarily based on sales production, promotion and motivation. *(Rev. July 7.99)*
- (2) Excess hours are subject to a maximum carry over of eight hours. *(Rev. July 7.99)*
- Section 19. (2) Council will only consider courses where verification of attendance by the licensee can be determined and the following information is provided to Council by the applicant for course approval.
- (d) Number of credit hours being requested. *(Rev. July 7.99)*
- Section 19.1 (2) The applicant or licensee must provide to Council:
- (a) verification from the approving licensing body that the course was approved for course accreditation;
- (b) the number of credit hours the course has been approved for;
- (c) the date and location of the course; and
- (d) any other information that is deemed necessary for Council to make an informed decision. *(Rev. July 7.99)*
- Section 20. (1) Course leaders, instructors or moderators are eligible to receive two hours for each hour the course has been approved. Maximum of fifteen hours. *(Rev. July 7.99)*
- (2) Assistant course leaders, instructors and moderators are eligible to receive one and a half hours for each hour the course has been approved. Maximum of fifteen hours. *(Rev. July 7.99)*
- Section 32. (3) The findings and recommendation of the Disciplinary Hearing Committee shall be provided to all parties no later than ninety days following the date of the hearing. *(Rev. July 16.99)*

ADJUSTER'S BYLAWS

- Section 23. (3) The findings and recommendation of the Disciplinary Hearing Committee shall be provided to all parties no later than ninety days following the date of the hearing. *(Rev. July 16.99)*

LIFE BYLAWS

- Section 15.8 (1) Course leaders, instructors or moderators are eligible to receive two hours for each hour the course has been approved. *(Rev. Sept 24.99)*
- (2) Assistant course leaders, instructors and moderators are eligible to receive one and a half hours for each hour the course has been approved. *(Rev. Sept 24.99)*

Section 20. A licensee shall:

- (h) where replacement is involved:
- (vii) not take an application for insurance unless the requirements of these bylaws respecting disclosure have been fully complied with.

Where a licensee, with the authorization of the client, or the client has requested current information necessary to complete the Disclosure Statement, and the insurer has failed to provide that information to the licensee or the client within ten working days (which shall mean Monday to Friday inclusive, but excluding statutory holidays) of that request being sent, the licensee shall not be found to be in violation of this section as it relates to disclosure of essential information, providing the licensee has provided a dully completed Disclosure Statement using information available from the client. *(Rev. July 16.99)*

- Section 26. (3) The findings and recommendation of the Disciplinary Hearing Committee shall be provided to all parties no later than ninety days following the date of the hearing. *(Rev. July 16.99)*

RETURN TO

**Insurance Councils of Saskatchewan
310 – 2631 – 28th Avenue
Regina SK S4S 6X3**

ADDRESS CORRECTION REQUESTED

