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Life and A & S Section

General Section (P & C)

Travel Section

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Industry Warning

Disciplinary Section

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Insurance Councils of  
Saskatchewan  
310 – 2631 – 28<sup>th</sup> Avenue  
Regina SK S4S 6X3

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# Insurance Councils of Saskatchewan

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## Administration Section

### Annual Reporting

The Annual Reporting Form has been amended specific to each class of licence. The changes incorporated include:

#### **CONTINUING EDUCATION CERTIFICATES**

Licensees are required to list each continuing education seminar/course taken to comply with the education requirement. Attach a page to the annual reporting form if there is not sufficient space to list all seminars/courses.

Do not attach Certificate of Attendance forms to the annual reporting form as they will not be kept on file with Council. Licensees must retain the certificates in the event of an audit.

#### **NON-RESIDENT ENDORSEMENT OR CERTIFICATE OF AUTHORITY**

A Non-resident Endorsement or Certificate of Authority will not be required unless Council is unable to verify licence status on a provincial regulator web site. The annual reporting form will clearly identify if an endorsement is required. Please check the licence form prior to requesting an endorsement from the resident licensing body.

#### **CONSENT TO THE COLLECTION, USE AND DISCLOSURE OF INFORMATION**

The Insurance Councils of Saskatchewan "Councils" do not fall under the regulations of the Canada's Personal Information Protection and Electronic Documents Act "PIPEDA", however, Council has voluntarily developed guidelines to protect the privacy and confidentiality of personal information.

The licence application form has been amended to identify the privacy requirements to licensees. This specific section of the application form must be signed prior to the renewal of a licence.

Further information regarding the voluntary privacy guidelines can be obtained from the Council web site at [www.skcouncil.sk.ca](http://www.skcouncil.sk.ca).

#### **DECLARATION**

This portion of the application form identifies the requirement to accurately complete the application form and the ramifications of not doing so. The licensee must specifically sign the declaration.

#### **CREDIT CARD PAYMENT**

A copy of the annual report may be faxed to Council along with a credit card authorization for payment. It is not required to send the original document by mail.

## Application and Transfer Licence

Council has received application forms where the sponsor has signed the required declaration prior to the applicant completing the form.

The Sponsor Declaration states, in part, "To the best of my knowledge, information and belief, all statements and answers contained in the foregoing application are true and correct".

The sponsor has an important responsibility to review the completed licence application form prior to signing the sponsor declaration, otherwise there is no evidence that the application was reviewed for authenticity by the sponsoring agency or insurer.

Please ensure all application forms are fully completed prior to signature by the sponsor.

## Maternity Leave

A licensee going on maternity leave should contact the Council office.

Council may recommend a suspension of the licence providing the licensee will not be acting as an agent while on leave.

A suspended licence will generally include a reduction in the continuing education required for the next licence renewal.

## Notification required by sponsor where sponsorship is withdrawn

The sponsor is required to provide notice to Council in writing within five days of withdrawal of sponsorship. The notice must include the date sponsorship is withdrawn and the reason for withdrawal.

## Hail Section

### Hail Adjuster Manual

The Hail Insurance Council of Saskatchewan and the Canadian Crop Hail Association have agreed that specific sections of the Crop Hail Adjuster Manual will be revised for 2006.

Please contact your hail insurer, hail adjusting firm or the National Crop Insurance Services "NCIS" to obtain the necessary revisions.

Licensed adjusters must remain in compliance with the bylaws by using only the revised version of the adjuster manual.

Please contact Council if you have any questions regarding this matter.

### Notice to Licensed Hail Agents and Hail Insurers

Council has received information that some licensed hail agents have permitted an unlicensed person such as a spouse, employee or other person to take an application for hail insurance.

Licensees are advised that the taking of an application brings an unlicensed person within the definition of acting as an agent under Section 2(d) of The Saskatchewan Insurance Act "Act".

Section 417 of the Act makes it an offence for any person to act as an agent or a salesperson of an agent unless the individual is the holder of a licence.

Section 418 makes it an offence for an agent or an insurer to appoint, permit or authorize any person to do any of the things in respect of which a licence is required unless the person is the holder of a subsisting licence.

The practice of using an unlicensed person is not acceptable and Council will actively investigate and enforce the Act.

## Life and Accident & Sickness Section

### Level II Education Requirements

Life including Accident & Sickness Level 1 Licensees must comply with the Level 2 education deadline as previously indicated to them or by December 31, 2006 whichever is first.

Level 2 education options can be obtained from the Council web site.

A licensee who fails to comply with the Level 2 education requirement will be required to complete the Life Licensing Qualification Program "LLQP".

## General Section (Property & Casualty)

### Experience requirement for management

Council is considering the implementation of an experience requirement for new owner/managers prior to accepting a change in agency ownership.

The proposed requirement is intended to ensure new owners or managers have appropriate education and at least two years of licensed experience prior to a change in agency ownership.

Council also proposes that every agency must designate a specific representative as responsible for agency management.

## Proposed Continuing Education Changes

The General Insurance Council of Saskatchewan has conducted a review of continuing education requirements. Changes under consideration are outlined below:

### DEFINITION OF CONTINUING EDUCATION

Continuing education for an All Classes licensee must be directly related to knowledge about general insurance products and services, or the operation of a general insurance business.

Examples of acceptable courses would include:

- Courses where general insurance knowledge is enhanced or technical expertise in a particular insurance product line is improved.
- Knowledge relevant to giving advice about any general insurance product and service.
- Courses directed at imparting general insurance product knowledge and/or technical insurance expertise including risk management and loss prevention.
- Courses directed at increasing general business skills such as general management and accounting.
- Generally all topics must be relevant to the operation of an insurance brokerage.

### CREDIT HOURS

Recognized insurance designation holders and licensees with at least twenty-five years of continuous experience in the general insurance industry must

obtain eight credit hours of education annually.

All other licensees must obtain twelve credit hours of education annually. A reduction of credit hours from fifteen to twelve is contingent on the elimination of the current carry-over provision.

### CARRY-OVER PROVISION

Council believes elimination of the carry-over provision ensures that all licensees will attend continuing education courses on an annual basis.

Council feels the variety of learning opportunities has significantly increased in recent years, therefore licensees should not find it difficult to fulfill their education requirements.

Council intends to eliminate the carry-over provision in a manner that gives licensees an opportunity to use any credit hours they currently may have banked.

The elimination of the carry-over provision will be coordinated with the reduction of credit hours from fifteen hours to twelve hours annually.

### COURSE CREDITS

Credit hours that fall within the definition of continuing education will be approved on an hour for hour of actual time spent attending a seminar or taking an education seminar/course with the exception of breaks.

Council will generally monitor to ensure the majority of credit hours are earned from technical training sources.

Council expects each agency to monitor continuing education credits for technical content.

### COURSE INSTRUCTORS

Course instructors will be eligible to receive double the number of credit hours approved for an accredited course.

Credit hours may only be earned once per reporting period for the same course.

The total number of hours allowed per course must be allocated among the instructor(s) as may mutually be agreed.

### LICENSEE RESPONSE

Council looks forward to receiving written comments regarding any of the proposed changes by August 31, 2006.

## Proposed Level Licensing Changes

The three tier level licensing bylaw is scheduled for implementation January 1, 2007.

All existing licenses will be reissued to reflect the new levels. An accompanying letter will explain the levels in greater detail.

A summary of the changes is outlined below:

### Level 1 Education Options

A person applying for a Level 1 licence must successfully complete the following:

- a. If a resident of Saskatchewan, the General Insurance Council Bylaws examination; and
- b. The Fundamentals of Insurance course and examination offered by the Insurance Brokers Association of Saskatchewan; or
- c. The Canadian Accredited Insurance Broker (CAIB 1) course and examination offered by the Insurance Brokers Association of Saskatchewan; or

- d. The General Insurance Essentials (GIE) plus C130 and the LLQP Accident and Sickness courses and examinations offered by the Insurance Institute of Canada; or
- e. The C11, C130 and the LLQP Accident and Sickness courses and examinations offered by the Insurance Institute of Canada.

**Restrictions**

- a. A Level 1 licensee shall not act in the transaction of commercial lines of insurance unless supervised by a Level 2 or Level 3 licensee.
- b. A Level 1 licensee shall not manage an agency.

**Effect on current licensees**

Current Levels 1 and 2 will become the new Level 1.

The new level licensing bylaw will restrict a Level 1 licensee from managing an agency. The licensee will be subject to supervision and cannot act in the transaction of commercial lines of insurance unless the licensee is supervised by a Level 2 or Level 3 licensee.

The new restrictions as identified under Level 1 above, does not impede the Level 2 licensee from doing anything they were previously allowed to do. The amount of supervision a licensee requires will be determined by the agency.

**Level 2 Education Options**

A person applying for a Level 2 licence must meet the licensing qualifications for a Level 1 licence and successfully complete one of the following:

- a. The Canadian Accredited Insurance Broker (CAIB 2 and CAIB 3) courses and examinations offered by the Insurance Brokers Association of Saskatchewan; or
- b. The C12, C13, C14 and C131 courses and examinations offered by the Insurance Institute of Canada.

**Restrictions**

- a. A Level 2 licensee shall not manage an agency.

**Effect on current licensees**

A current Level 3 will become a Level 2.

A Level 2 licensee will be restricted from managing an agency.

**Level 3 Education Options**

A person applying for a Level 3 licence must meet the licensing qualifications for a Level 2 licence and successfully complete one of the following:

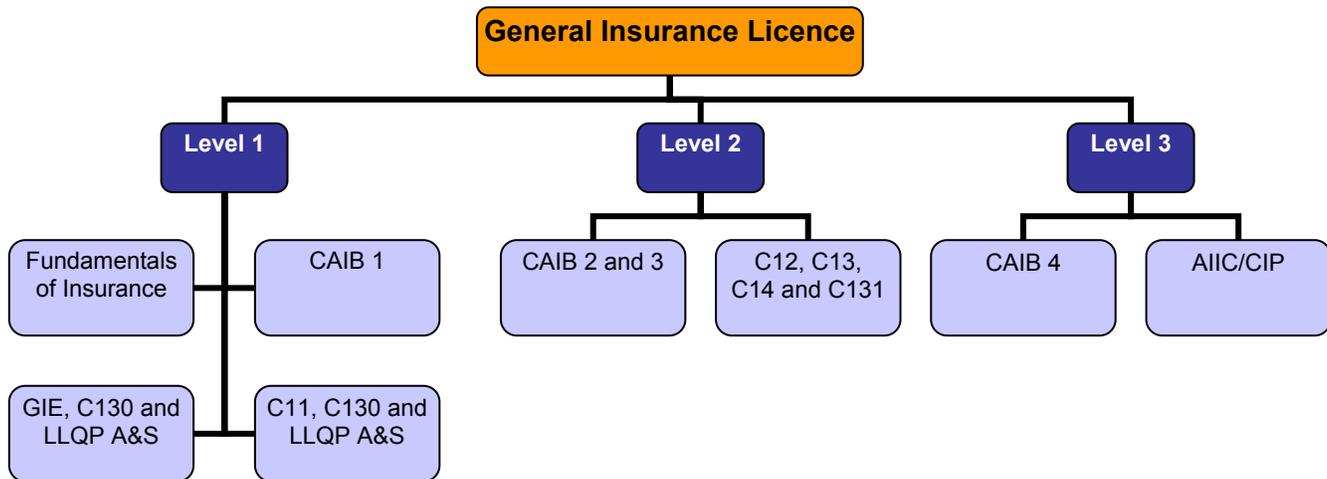
- a. The Canadian Accredited Insurance Broker (CAIB) 4 course and examination offered by the Insurance Brokers Association of Saskatchewan; or
- b. The course of study leading to a Chartered Insurance Professional (CIP) or an Associate (AIIC) designation through the Insurance Institute of Canada.

**Restrictions**

- a. A Level 3 licensee shall not manage an agency unless he or she has at least two years licensed experience within the past five years.

**Effect on current licensees**

A Level 4 will become a Level 3.



## Probationary Level 4

The Probationary Level 4 licence will be discontinued. Council will consider a request for an interim licence under the exemption and extension section of the bylaws.

If satisfied there is no detriment to the public interest by granting an interim licence, Council may grant a conditional licence.

## Definition of Management

Management means direction and/or control of the operation of an insurance agency or a branch of an insurance agency. Where required the manager must hold a class of licence suitable for the work being done.

## Definition of Supervision

Supervision means reasonable and prudent oversight of an insurance transaction. Where supervision is required the supervisor must hold a class of licence suitable to the work being done.

## Travel Section

Council in conjunction with the Saskatchewan Association of Canadian Travel Agencies "ACTA" and the Canadian Institute of Travel Counsellors "CITC" is discussing the implementation of a new travel insurance course of study and examination.

Licensees will be provided further information respecting an implementation date once the new course is approved.

## General Adjuster Section

### Proposed Continuing Education

The General Insurance Council of Saskatchewan has completed a review of its continuing education requirements. The changes under consideration are outlined below:

#### DEFINITION OF CONTINUING EDUCATION

Adjuster continuing education must be directly related to knowledge about claims handling, insurance products, remediation and the operation of an adjusting firm.

#### CREDIT HOURS REQUIRED

Licensees are required to earn a minimum of eight credit hours of continuing education through an approved course provider annually.

Credit hours must be earned within the annual reporting period.

### Proposed Errors and Omissions Insurance

A licensee shall provide annual proof and maintain a valid policy of Errors and Omissions Insurance that meets the following requirements:

- a. A minimum of \$500,000 coverage and a minimum aggregate limit of \$1M; and
- b. Cover all insurance services a licensee is licensed to offer as defined by The Saskatchewan Insurance Act.

A licensee must immediately notify Council in the event of a cancellation or non-renewal of Errors & Omissions Insurance. Failure to do so is considered misconduct.

## Proposed Level Licensing

A new three tier level licensing bylaw is proposed for January 1, 2007.

The proposed bylaw is reproduced below:

### Level 1 Education Options

A person applying for a Level 1 licence must successfully complete the following:

- a. If a resident of Saskatchewan, the General Insurance Council Bylaws examination; and
- b. The C11 course and examination offered by the Insurance Institute of Canada; or
- c. The General Insurance Essentials (GIE) course and examination offered by the Insurance Institute of Canada; or
- d. A qualifying examination approved by Council; or
- e. Experience as an All Classes other than Life insurance agent/salesperson for no less than two years within the past five years; or
- f. Experience as a general claims adjuster in an insurance company, insurance agency or adjusting company for no less than one year within the past three years.

### Restrictions

A Level 1 licensee shall not:

- a. sign any reports or correspondence unless countersigned by a Level 2 or Level 3 adjuster licensee.
- b. manage an adjusting firm.
- c. act as a public adjuster.

## Level 2 Education Options

A person applying for a Level 2 licence must meet the licensing qualifications for a Level 1 licence and successfully complete one of the following:

- a. Experience as a Level 1 licensee for a minimum of two years and the completion of C32, C110, C111 and C112 courses and examinations offered by the Insurance Institute of Canada; or
- b. Experience as a general claims adjuster in an insurance company, insurance agency or adjusting company for no less than five years within the past seven years.

## Restrictions

A Level 2 adjuster licensee shall not:

- a. manage an adjusting firm.
- b. act as a public adjuster.

## Level 3 Education Options

A person applying for a Level 3 licence must meet the licensing qualifications for a Level 2 licence and successfully complete:

- a. the course of study leading to a Chartered Insurance Professional (CIP) or an Associate (AIIC) designation through the Insurance Institute of Canada including Claims Professional Series courses and examinations for the C110, C111 and C112.

## Restrictions

A Level 3 adjuster licensee shall not manage an adjusting firm unless he or she has at least two years licensed experience within the past five years.

## Requirements for an Adjusting Firm Licence

- a. An adjusting firm or adjuster must provide evidence the adjusting firm is registered with the Corporations Branch of the Government of Saskatchewan.
- b. An adjusting firm must designate one Level 3 licensee to be responsible for the management and supervision of the adjusting firm.
- c. Failure to designate a Level 3 licensee who is responsible for the management and supervision of the adjusting firm may result in the suspension of the adjusting firm licence.
- d. An adjusting firm that holds itself out as having office locations within SK shall designate a Level 3 licensee to provide supervision for each office location.
- e. A Level 3 licensee may not supervise more than two office locations.
- f. Branch office location(s) in Saskatchewan must be actual operating office(s).
- g. In order to be a Level 3 supervisor the office adjuster has to be employed predominately by an Adjusting Firm.

Council looks forward to receiving written comments to the implementation of continuing education and Errors & Omissions Insurance no later than August 31, 2006.

## Industry Warnings

### Lloyd's Warning

*Lloyd's letter dated November 2005*

Lloyd's is alerting brokers and policyholders that neither Marine Risks Limited of Toronto and Miami nor its representative Iain Duncan are Approved Coverholders or Registered Open Market Correspondents and that they have no authority from Lloyd's to place Canadian Business in the Lloyd's market. Cover purportedly written at Lloyd's through Marine Risks has been shown not to exist.

Lloyd's also reminds brokers and policyholders that the injunction granted to it by the Ontario Superior Court against Ian Stuart et al ordering the defendants to cease and desist purporting to place business with Lloyd's underwriters or Lloyd's syndicates continues in force.

Any party who has arranged Lloyd's insurance through Marine Risks Inc. is encouraged to contact Lloyd's Canada (514.861.8361 or info@lloyds.ca) to ascertain whether the alleged policy that they hold is genuine.

## Disciplinary Section

### July 1, 2005 – May 31, 2006

A licensee who uses information in this bulletin to discredit another licensee or any other person will be guilty of misconduct.

## Disciplinary Hearings

**Bryan John Baker** representing the RBC Life Insurance Company had his Life and Accident & Sickness licence suspended for 21 days on each of three violations of the Life Insurance Council Bylaws. The suspensions to run concurrently.

In addition, Mr. Baker must complete educational courses identified as Ethics and the Financial Advisor and Market Voodoo, Understanding Stock Market Anomalies by June 30, 2006; and was required to make a shared restitution to the consumer in the amount of \$2,904.30.

Mr. Baker was found to have failed to act in good faith, and failed to place the interests of the client before that of his own and that he did make false and/or misleading statements or representations in the course of selling or servicing insurance.

Mr. Baker was found to have sold a universal life policy that used a tax leveraged loan strategy in the marketing of the product.

The product and the strategy were completely inappropriate to the client's needs and circumstances.

**Douglas John Boyd, Sandra Faye Boyd; and Boyd Ins. & Financial Services Ltd.** representing Sun Life Assurance Company of Canada had their Life and Accident & Sickness licenses cancelled permanently. Douglas John Boyd and Sandra Faye Boyd were officers and principal shareholders of Boyd Ins. & Financial Services Ltd.

Douglas John Boyd, Sandra Faye Boyd and Boyd Ins. & Financial Services Ltd. entered into an Agreement and Undertaking with the Life Insurance Council, wherein they acknowledged that

they borrowed in excess of \$900,000 from clients. They acknowledged they were not acting in good faith and did not place the interests of clients before that of their own, and by doing so demonstrated an untrustworthiness to act as Life and Accident & Sickness insurance agents.

**Daniel Shane Clifford** representing RBC Life Insurance Company had his Life and Accident & Sickness licence suspended for a period of 21 days on each of two charges. The suspensions to run concurrently.

In addition, prior to acting in a supervisory capacity he must provide evidence to Council of completing online education courses dealing with Ethics and the Financial Advisor; and Market Voodoo, Understanding Stock Market Anomalies.

A shared restitution order in the amount of \$2,904.30 was to be paid to the insured as part of the penalty.

Mr. Clifford was found to have failed to act in good faith and to have failed to place the interests of a policyholder before that of his own or RBC Life Insurance Company.

Mr. Clifford was the branch manager of RBC Life Insurance Company at the time, and supervised the agent Bryan Baker.

Mr. Clifford did not take part in the presentation to the client but did sign supervision certificates and replacement disclosure documents that were found to be incomplete and/or inaccurate.

Mr. Clifford as well never questioned the appropriateness of the product being recommended or the assumptions on which it was being sold to the client. The product was a Universal Life

insurance policy that used a tax leveraged loan strategy. The product and the strategy were completely inappropriate to the client's needs and circumstances.

Mr. Clifford has appealed Council's decision and his penalty has been stayed by the Superintendent of Insurance pending the outcome of the appeal.

**Leonard William Elchuk** representing Transamerica Life Canada had his Life and Accident & Sickness licence suspended for a period of 30 days when he was found to have not acted in the interests of a client.

Mr. Elchuk was the manager of Dundee Insurance Agency Ltd. at the time and was responsible for insurance agents operating out of the Dundee office. The client was sold a universal life policy that was not appropriate to her needs.

Mr. Elchuk's company, Leonard W. G. Elchuk Estate Planning Corp. was shown as one of the agents on the application and all illustrations were done under his corporate entity's name.

The Disciplinary Hearing Committee determined that, while Mr. Elchuk had little directly to do with the sale, it was under his contract and he had a responsibility to ensure that products marketed under his contract were appropriate to the client's needs.

**Douglas Wayne Erickson o/a Erickson Insurance Services**

Mr. Erickson appealed Council's disciplinary decision as reported in the July 2005 Bulletin.

Mr. Erickson's appeal was heard by the Deputy Superintendent on April 20, 2005 with the appeal decision being handed down on October 25, 2005.

The Deputy Superintendent of Insurance upheld the majority of Council's findings and penalty with the exception that Mr. Erickson was credited with double time served before his appeal could stay his suspension. The appeal decision as well extended the compliance period set out in the original Council decision as it related to additional educational training required of Mr. Erickson in order to retain his licence.

Mr. Erickson had been suspended for eight days before his suspension was stayed due to the appeal. He was credited with 16 days and required to serve an additional 14 day licence suspension.

**Michael Blaine Ferrara** representing the Sun Life Assurance Company of Canada had his Life and Accident & Sickness licence suspended for a period of 90 days.

On July 4, 2005 Mr. Ferrara plead guilty to a demonstrated untrustworthiness to act as an insurance agent when he was found to have used funds of the Club 13 Toastmaster organization for his own use.

Mr. Ferrara at the time was the treasurer of the Club 13 Toastmaster organization. Mr. Ferrara has paid the money back to the club.

The conduct of an agent outside of his licensable activities is reviewable by Council if the conduct calls into question the licensee's trustworthiness to act as an insurance agent.

Mr. Ferrara, on re-licensing, will have to disclose to the insurer and the Errors & Omission carrier the disciplinary proceedings.

**Kenneth Joseph Gareau** representing Industrial Alliance Insurance and Financial Services Inc. appeared before a

Disciplinary Hearing Committee of the Life Insurance Council and entered into an agreement to make restitution to a client in the amount of \$20,369. Mr. Gareau was also required to complete the courses and examinations and qualify for a Certified Financial Planner designation (CFP) or the Chartered Life Underwriter Decision (CLU) by December 31, 2007.

The Disciplinary Hearing Committee determined that Mr. Gareau failed to carry on business in utmost good faith in his dealings with the client and failed to place the interests of the client before that of his own.

Mr. Gareau sold a universal life policy using a leveraged tax strategy that the disciplinary committee determined was completely inappropriate to the client's circumstances.

**Nicole Helene Poulin** representing Nicole's Insurance Agency had her All Classes other than Life Licence suspended from January 2, 2006 until July 2, 2006. Mr. Poulin is required to take the Insurance Brokers Association of Canada Law & Ethics Course prior to the reinstatement of her licence.

Ms. Poulin attempted to back date a motor vehicle registration when a client approached her after hitting a moose with an unregistered vehicle. The client had forgotten to renew her motor vehicle licence.

**Theresa Gayle Shull** representing RBC Life Insurance Company received a letter of warning. Ms. Shull when acting in a supervisory capacity or assisting another licensee, must ensure that the product being recommended to the client is appropriate to the client's needs and the clients needs are always

placed before that of her own or any agent or insurance company.

## Bylaw Amendments Section

### July 1, 2005 – June 1, 2006

It is the responsibility of a licensee to remain in full compliance with the bylaws.

A current version of the bylaws can be obtained from the Council office or by visiting the Council web site.

## Contact Section

### Council Staff

Ernie Gaschler, Administrator

Penny Barlow, Licensing Officer/  
Compliance Assistant

Annette Graff, Administrative Assistant

Diane Lindsay, Licensing Officer/  
Education Coordinator

Cindy Swales, Licensing Officer

John Waugh, Director of Compliance

### Contact Information

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

Insurance Councils of  
Saskatchewan  
310 - 2631 – 28<sup>th</sup> Avenue  
Regina SK S4S 6X3

## Council Members

The names of the Council members may be obtained from the web site at the following addresses:

### General Council

[www.skcouncil.sk.ca/gen\\_council.htm](http://www.skcouncil.sk.ca/gen_council.htm)

### Hail Council

[www.skcouncil.sk.ca/hail\\_council.htm](http://www.skcouncil.sk.ca/hail_council.htm)

### Life Council

[www.skcouncil.sk.ca/life\\_council.htm](http://www.skcouncil.sk.ca/life_council.htm)

## Exam and Study Material Section

Council licence examinations are administered through the Insurance Brokers Association of Saskatchewan.

Ingrid Stroeder, Examination  
Coordinator

Exam scheduling  
(306) 525-5900

**RETURN TO**

**Insurance Councils of Saskatchewan  
310 – 2631 – 28<sup>th</sup> Avenue  
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