

## TRAVEL ERRORS & OMISSIONS

The General Insurance Council of Saskatchewan is reminding Travel Insurance Agencies that they must ensure a valid policy of Errors & Omissions Insurance "E&O" is maintained in accordance with the General Insurance Council Bylaws.

The E&O bylaw reads as follows:

An agent shall maintain and provide annually proof of a valid policy of errors and omissions insurance that meets the following requirements:

1. a minimum of \$1,000,000 coverage and a minimum aggregate limit of \$2,000,000;
2. covers the insurance activities of the licensee; and
3. is underwritten by an insurance company licensed to do business in Canada.

*Note: Agent refers to Agency.*

Licensees are reminded that a lapse in E&O may result in disciplinary action which may include a fine and/or investigative costs.

## WITHDRAWAL OF SPONSORSHIP

It is a requirement of *The Saskatchewan Insurance Act* "Act" for an insurer to notify Council when the Travel Insurance Agency is no longer being sponsored by the insurer.

It is also a requirement of the Act for a Travel Insurance Agency to notify Council when an individual is no longer sponsored by the Travel Insurance Agency.

Notice is to be provided within five days of cessation and must indicate the reason for the cessation.

The applicable sections of the Act are identified below.

### **Duty of insurer where licensee ceases to be agent/agency**

432 (1) When an agent ceases to be an agent of the insurer or general agent named in the agent's licence, the insurer or general agent shall immediately provide

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Cindy Swales, Licensing Officer/Exam  
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John Waugh, Compliance Officer

COUNCIL STAFF

to the superintendent a written notice of cessation setting out the reasons for the cessation.

(1.1) The licence of an agent who has ceased to be an agent of the insurer or general agent named in the agent's licence is suspended from the day on which the superintendent receives the notice mentioned in subsection (1).

(2) An insurer or general agent who fails to give such notice within five days after the cessation is guilty of an offence.

### **Duty of agent where salesman ceases to represent agent**

435(1) Where a salesman ceases to represent the agent named in his licence the agent shall forthwith after the cessation give notice thereof with the reason therefor in writing to the superintendent, and the receipt of the notice by the superintendent shall operate as a suspension of the licence of the salesman.

(2) An agent who fails to give such notice within five days after the cessation is guilty of an offence.

## UNLICENSED AGENCIES AND INDIVIDUALS TRANSACTING INSURANCE

Council has become aware of an increasing number of individuals and agencies who are transacting insurance in Saskatchewan without being licensed.

In accordance with *The Saskatchewan Insurance Act "Act"*, an unlicensed individual or travel insurance agency,

1. May not offer, solicit, negotiate or effect travel insurance to Saskatchewan residents.
2. May not offer or solicit insurance and then refer the consumer to a licensed salesperson/agent for the completion of the insurance transaction nor can they be compensated for acting as a salesperson/ agent while unlicensed.
3. May not receive compensation and/or commissions for acting as a salesperson/ agent while not licensed.

If you are acting as a salesperson/agent as outlined above, you are advised to discontinue until you are licensed with Council.

Individuals will be required to comply with the qualifying examinations outlined in the General Insurance Council Bylaws, Schedule A, Part IV, Section 1. In addition, once the exams are passed you must apply for and obtain a Travel Insurance Licence. Only after this has been completed, may you transact insurance.

### TRAVEL INSURANCE LICENCES

There are two options available for a travel insurance licence – Restricted Travel Insurance; or Restricted Insurance Agent.

The insurance licence you choose must be based on the insurance products you offer to clients.

### RESTRICTED TRAVEL INSURANCE LICENCE

Restricted Travel Insurance is defined as:

1. insurance against loss or damage that is incurred by the insured during or in conjunction with travel, or
2. insurance against loss or damage occurring because of cancellation of travel arrangements.

The following types of insurance may be offered under this licence:

- |                              |                     |
|------------------------------|---------------------|
| ✓ Accidents                  | ✓ Theft             |
| ✓ Sickness                   | ✓ Baggage Delays    |
| ✓ Death                      | ✓ Family Loss       |
| ✓ Fire                       | ✓ Trip Cancellation |
| ✓ Flight Delay               | ✓ Loss of Baggage   |
| ✓ Default of Travel Supplier | ✓ World Events      |
| ✓ Rental Car Damage or Theft |                     |

### Overview of Licensing Requirements

#### Agency

1. Requires Errors & Omissions Insurance.
2. Must be registered with Corporate Registry.
3. Completion and submission of an application signed/sponsored by a licensed Canadian Insurer.

#### Individuals

All individuals transacting insurance must be licensed.

1. Must complete **one** of the following education requirements:
  - a) Saskatchewan residents must write the Travel Qualifying and Travel Bylaw Exams.

- b) Life Licensing Qualification Program (LLQP) Accident and Sickness course and examination and Travel Bylaw Exam.
  - c) Non-residents transacting insurance in Saskatchewan must be licensed in Saskatchewan. Council will recognize their education qualifications to become licensed in Saskatchewan.
2. Provide a criminal record search with the application.
  3. Completion and submission of an application signed/sponsored by the Travel Insurance Agency.
- iii) Whereby the insurance company undertakes to pay one or more sums of money in the event of an illness or the disability of the individual that occurs on the trip, or of bodily injury to, or the death of, the individual that is caused by an accident while on the trip;
  - iv) Against expenses incurred by the individual for dental care necessitated by an accident while on the trip; or
  - v) In the event that the individual dies while on the trip, against expenses incurred for the return of that individual's remains to the place where the individual was ordinarily resident before death, or for travel expenses incurred by a relate of that individual who must travel to identify that individual's remains.

## RESTRICTED INSURANCE AGENT "RIA" LICENCE

The RIA Licence allows the agent/agency to act or offer to act as an insurance agent with respect to travel insurance.

RIA Travel Insurance means,

- a) A policy of an insurer that provides insurance to an individual with respect to a trip by the individual away from the place where the individual ordinarily resides, without any individual assessment of risk, against:
  - i) Loss that results from the cancellation or interruption of the trip;
  - ii) Loss of, or damage to, personal property that occurs while on the trip; or
  - iii) Loss that is caused by the delayed arrival of personal baggage while on the trip; or
- b) A group insurance policy that provides insurance to an individual with respect to a trip by the individual away from the province or territory in which the individual ordinarily resides:
  - i) Against expenses incurred while on the trip that result from an illness or disability of the individual that occurs on the trip;
  - ii) Against expenses incurred while on the trip that result from bodily injury to, or the death of, the individual caused by an accident while on the trip;

### Overview of Licensing Requirements

1. Only corporate licence is issued.
2. Must be registered with Corporate Registry.
3. Completion and submission of a RIA application signed/sponsored by a licensed Canadian Insurer.
4. Requires Errors & Omissions Insurance.
5. Individuals not licensed but listed on the RIA application form as employees.
6. There are specific requirements for the education of employees. These are outlined in *The Saskatchewan Insurance Regulations which can be found on the Council website at [www.skCouncil.sk.ca/RIA%20Info.htm](http://www.skCouncil.sk.ca/RIA%20Info.htm)*

## JOHN WAUGH RETIREMENT

John Waugh was hired by the Insurance Councils of Saskatchewan "Councils" in April of 1990, with the task of forming the new Compliance Department.

For the next twenty-one-plus years, John was the face of compliance to insurance licensees around the province. Compliance is a role that is obviously about the consumer first – protecting their interests in a complicated financial world.

While filling that role, John was able to balance that with a true understanding of the role of the licensee, and the challenges they face. Today, Council enjoys a reputation as a consumer first organization that is fair in its treatment of licensees – a reputation that speaks volumes about the work that John has done in his time with Council.

Effective September 30, 2011, John has retired from his position as Director of Compliance for the Insurance Councils of Saskatchewan. I am happy to announce that John will continue his association with Council on a consulting basis effective October 1, 2011.

## DIRECTOR OF COMPLIANCE

The Insurance Councils of Saskatchewan is pleased to announce that April Stadnek has accepted the position of Director of Compliance effective October 1, 2011.

April joined Council as a Compliance Officer in December 2008. Prior to arriving at Council, April worked as an Investigator with the Financial Services Commission's Securities Division. April began her career with the Commission in June 1999 moving up the ranks from Enforcement Assistant, to investigator and Acting Deputy Director of Enforcement.

In 2007, April took a one year leave of absence from her investigator position to round out her resume working with Partners in Planning as a Compliance Officer/Branch Manager at their Head Office. This year in the field provided April with valuable insight into the day to day operations of financial advisors.

## DISCIPLINARY DECISIONS

The disciplinary decisions can be found on the main page of the website.

Any licensee who uses disciplinary decisions to discredit another licensee or any other person may be guilty of misconduct.