

Third Party Administrators' Association of Canada (TPAAC) Backgrounder

As of January 1, 2019, the Saskatchewan insurance industry will be governed by a new Act: *The Insurance Act*.

There are several changes in the Act that will affect how you do business in Saskatchewan.

To ensure a smooth transition and compliance with the new Act, the Insurance Council of Saskatchewan (ICS) is committed to educating all our stakeholders about key changes in the Act and any actions that you must take as a result of these changes.

This backgrounder covers the changes you need to know and tells you what you need to do to make sure your business is in line with the new Act.

New definitions and rules

The new legislation requires that organizations that act as Third-Party Administrators (TPA) are to be licenced with the ICS. TPA is defined in The Insurance Regulations as:

“third party administrator means a business that, for compensation, carries out activities to administer a contract of insurance on behalf of an insurer, other than solely clerical activities, but does not include a business that is licensed as an insurance agent or managing general agent.”

If your organization is currently licensed as an Insurance Agent your organization does not meet the definition of a TPA.

Businesses that pay claims for Saskatchewan residents will require a TPA licence.

TPAs who perform the following functions need to be licensed:

- TPAs that administer group benefit plans on behalf of the plan sponsor, including:
 - enrolling members;
 - maintaining member data/eligibility and application forms that have either been provided or pre-approved;
 - issuing benefit booklets that have either been provided or pre-approved; or preparing billing statements;
 - collecting and remitting premiums/taxes; and,



- paying claims for one or more benefits (e.g. health, dental, disability, etc.).

Disclosures

The General Insurance Council of Saskatchewan (GICS) and Life Insurance Council of Saskatchewan (LICS) Bylaws already require your members to tell their customers about any fees they charge over and above the premium (advising customers in writing of both the fee and the reason for the fee). As of January 1, 2020, customers must also **agree in writing to any fees** before those fees are charged

Audits

As of January 1, 2020, GICS and LICS will have the ability to audit licensees.

The Regulations allow the GICS and the LICS to carry out audits, examinations, inspections and investigations of licensees and persons who are required to be licensed

Designated Representatives

There are many changes and new responsibilities for Designated Representatives (DR) under the new Act, we've included a summary here.

The DR of a Third Party Administrator (TPA) must be an individual who holds a TPA DR licence and who is recommended by the insurer that recommended that the TPA be licensed.

The DR is responsible to:

- manage the TPA as set out in the Bylaws;
- respond to inquiries from ICS; and
- receive notices and other documents on behalf of the TPA.

ICS must be notified immediately if the DR of the business leaves, is terminated or dies. The TPA's recommending insurer will need to immediately recommend a new DR for the TPA.

The business licence will be cancelled if there is no qualified DR appointed.

Applications to ICS for a TPA licence must include the insurer agreements/contracts

For applications and more information, please visit www.saskinsuranceact.info, email saskinsuranceact@skcouncil.sk.ca, or call [306-527-4202](tel:306-527-4202).



INSURANCE COUNCILS
OF SASKATCHEWAN