

Independent Financial Brokers of Canada Backgrounder

As of January 1, 2020, 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.

ICS has developed a comprehensive campaign and a variety of tools to ensure you are well informed and ready to comply with the Act when it comes into force.

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

A “business” is defined as a body corporate, a partnership or a sole proprietor, including:

- sole proprietor (not registered with Corporate Registry); and,
- sole proprietorship (trade name registered with Corporate Registry).

Insurer’s Representatives

More people will become licensees as of January 1, 2020.

Employees of an insurer will need a licence if they:

- provide insurance advice;
- provide advice and recommendation to clients;
- provide advice on conversions and cancellations;
- provide advice on in-force policies; and,
- work jointly with advisors and clients.

This will cover individuals including sales representatives and some call centre employees.

These groups were exempt in the old Act.

Disclosures

The Life Insurance Council (LICS) Bylaws already require you to tell customers about any fees you charge over and above premium (advising them in writing of both the fee and the reason for it). As of January 1, 2020, consumers must also **agree in writing to any fees** before you can charge them.

Audits

As of January 1, 2020, ICS will have the ability to audit your business.

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

Specific Changes

Managing General Agents

If you're a Managing General Agent (MGA), you hold an agent licence under the old Act. When you renew your licence in 2020, you will hold an MGA licence.

Applications to ICS for an MGA licence must include the insurer agreements/contracts.

As an MGA, you are now allowed to recommend agent licenses.

When a licensee recommended by an MGA has their recommendation withdrawn by the MGA, the MGA must notify the LICS of the withdrawal immediately that the licensee's recommendation is cancelled and why the recommendation has been cancelled.

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