



## **The Canadian Association of Financial Institutions in Insurance (CAFI)**

### **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.

### **Definitions**

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

Saskatchewan will now require Restricted Insurance Agent (RIA) licenses to sell:

- automobile gap insurance;
- portable electronics insurance;
- rented-automobile contents insurance;
- funeral expense insurance (only for funeral homes and crematoriums);
- rented-automobile accidental injury or death insurance; and
- rented-automobile liability insurance.

If compensation is paid to anyone transacting these insurance types, the insurer must ensure those they are compensating have a licence. The insurer must also tell ICS which organizations are being compensated for the transaction of the above products.

The definition of “property and casualty insurance” (P&C) has been updated. As of January 1, 2020, it means any class of insurance other than life insurance.

There is also a new definition of “general insurance.” As of January 1, 2020, it means any class of P&C other than accident and sickness insurance.

The new Act prohibits tied selling.

You cannot require your customers to purchase one product or service to receive the initial product or service they want to purchase. For example:

- You cannot require your customers to purchase an insurance policy from you in order to give the customer a loan.
- You cannot require tenants to purchase insurance from you in order to rent from you.

### **Disclosures**

The General Insurance Council of Saskatchewan (GICS) and Life Insurance Council of Saskatchewan (LICS) Bylaws already require your members to tell customers about any fees they charge over and above premium (advising customers in writing of both the fee and the reason for the fee). As of January 1, 2020, consumers 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 RIA must be an individual. The DR is responsible for receiving notices and other documents on behalf of the restricted licensee.



## **Specific Changes**

### **Managing General Agents**

If any of your members are a Managing General Agent (MGA), they hold an agency license under the old Act. If MGAs' wish to recommend agent licenses, they will need to apply for an MGA licence.

When a licensee recommended by an MGA has their recommendation withdrawn by the MGA, the MGA must notify the ICS immediately of the withdrawal of the licensee's recommendation and provide reasons why the recommendation has been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

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

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