

Suitability to Hold a Licence Policy

Insurance Councils of Saskatchewan

Effective: June 24, 2025

1. Purpose

The purpose of this policy is to set out the principles and criteria the Insurance Councils of Saskatchewan (ICS) will consider when determining whether an individual or business entity is suitable to hold, renew, or continue to hold an insurance licence in Saskatchewan. ICS has a regulatory mandate to protect the public by ensuring that licensees meet appropriate standards of integrity, financial responsibility, and competence. This policy is intended to guide the assessment of suitability and does not replace or duplicate other licensing requirements, such as the completion of continuing education (CE) or the maintenance of errors and omissions (E&O) insurance. These requirements are assessed separately as part of the licensing and renewal processes.

2. Scope

This policy applies to all applicants for licensing, existing licensees, and former licensees seeking reinstatement under [The Insurance Act](#) (Act), [The Insurance Regulations](#) (Regulations), and the [ICS Bylaws](#).

3. Policy Statement

ICS has a responsibility to assess the suitability of individuals and business entities to be licensed. Suitability is a continuing requirement and is assessed both at the time of application and throughout the term of a licence. An applicant or licensee must demonstrate they are fit and proper to engage in the business of insurance and that their conduct will not harm the integrity of the insurance industry or put the public at risk.

4. Factors Considered in Determining Suitability

According to section 2-9(1) of the Act, the suitability of an applicant may be reviewed before issuing a licence. Factors that may be considered include, but are not limited to:

a. Criminal Record

- Any conviction under Canadian or foreign law, including nature, circumstances, date, sentence, and relevance to insurance.
- Whether a pardon, record suspension, or expungement has been granted.

b. Regulatory or Disciplinary History

- Any disciplinary action or sanction by a regulatory or professional body (insurance or non-insurance, domestic or international).
- Past or ongoing investigations that may impact suitability.

c. Financial Responsibility

- Bankruptcy, consumer proposals, or other indicators of financial instability.
- Civil judgments or legal proceedings relating to financial impropriety or failure to meet obligations.

d. Professional Conduct and Integrity

- Evidence of dishonesty, fraud, misrepresentation, or unethical behavior.
- Conduct undermining public confidence in the insurance industry or regulatory system, e.g., an applicant knowingly provided false information on a previous licence application or misrepresented their qualifications to a client.

e. Competence and Compliance

- Ability to comply with regulatory requirements.
- Evidence of non-compliance, e.g., late filings, administrative penalties, suspensions.

5. Other Business Interests or Activities

Licensees must follow the relevant [Code of Conduct](#) for their licence type.

a. Conflicts of Interest

A conflict of interest occurs when the best thing for one party is not the best for the other. In insurance, conflicts commonly arise when what is best, easiest, or most profitable for the licensee is not what is best for the client.

Licensees must place clients first and consider what is best for themselves only as a secondary factor. Similarly, licensees must fairly protect the interests of insurers even when those conflict

with their own interests. A conflict of interest may also exist when a licensee's duty to one client or to a third-party conflicts with the duty to another client. Licensees who are engaged in a business outside their insurance agency may encounter more frequent conflicts of interest.

Types of conflicts include:

- **Real Conflict:** Personal/professional interests directly influence duties
- **Potential Conflict:** A foreseeable situation that may create a conflict
- **Apparent Conflict:** A reasonable perception that a conflict exists

Factors to assess include:

- Applicant's private interests
- Applicant's outside business
- Identified risks and any specific occurrences
- Transparency options for stakeholders
- Possible resolutions or management of conflicts

b. Undue Influence

ICS will assess whether the applicant's other business activities may unduly influence consumers to obtain insurance products. Clients may feel pressured to buy insurance from a licensee if the licensee also has another occupation in which they may have influence over the client or where the client may need help, services, favours, or consideration from that licensee. Examples of professions falling into this category are teachers, priests, pastors, and other religious professionals, police officers, immigration consultants or officers, elevator agents and grain buyers, doctors or health care workers, and politicians at the federal, provincial, or municipal level.

Definitions:

- **Influence:** To impact or guide behavior
- **Undue Influence:** Influence that is excessive or inappropriate

Factors considered include:

- Context and value of benefits
- Power dynamics
- Capacity of parties to give informed consent
- Fairness and availability of safeguards

6. Other Relevant Factors

ICS may consider any additional matters deemed relevant to the public interest or consumer protection.

7. Aggravating and Mitigating Factors

Aggravating Factors

- Repeated or ongoing misconduct
- Dishonesty or poor moral judgment
- Risk or harm to the public
- Undermining public confidence
- Failure to disclose or cooperate with ICS

Mitigating Factors

- Evidence of rehabilitation or reform
- Time elapsed since incident
- Isolated or out-of-character behavior
- Remedial actions taken
- Cooperation with regulators

8. Ongoing Obligation to Disclose

Pursuant to bylaw 3-1(4)(c) licensees must **immediately notify** ICS of the following material changes that may affect their suitability:

- the failure to maintain the prescribed financial security requirements (errors and omissions insurance or the bond), pursuant to sections 5-10 and 5-23 of the Regulations;
- any name change, personal or business;
- any corporate change, such as:
 - (A) amalgamation of the business;
 - (B) sale of the business; or
 - (C) dissolution of the business;
- for a partnership, any change in the membership of the partnership or of the general partners of a limited partnership;

- any withdrawal of a licence recommendation;
- any change in designated representative;
- any change in other employment;
- any change in address or contact information; and
- any proceeding in bankruptcy, including a Consumer Proposal;

Pursuant to bylaw 3-1(4)(d), licensees must notify ICS within 30 days of the following material changes that may affect their suitability:

- Criminal charges or convictions;
- Regulatory disciplinary actions; and
- Civil litigation involving dishonesty or financial issues

Failure to disclose may itself be considered a suitability issue.

9. Decisions Regarding Suitability

Each case is assessed individually. Outcomes may include:

- Granting, renewing, or reinstating a licence
- Granting with conditions or restrictions
- Refusing, suspending, or cancelling a licence

Notices of Proposed Action (NOPA) and decisions will be provided in writing, with appeal information, and following the procedural fairness provisions as required by section 10-11 of the Act.

10. Appeals

Applicants or licensees may appeal decisions in accordance with the Bylaws (bylaw 6-1) and Act (section 10-34).

11. Review and Amendments

This policy will be reviewed at least every three years or as needed to reflect legislative or operational changes.