



## Canadian Association of Independent Life Brokerage Agencies (CAILBA)

### 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

#### 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

Are your members acting as an agent for more than one business? If so, they need to clearly tell their clients which business they represent—**every time, and for each transaction.**



The 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 *Insurance Regulations* allow 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.

Prior to the proclamation of the Act, an agency's DR was not required to hold an individual licence. DRs will now require an individual licence that encompasses the same products as the agency licence.

The DR of a business other than a sole proprietorship must be recommended by the licensed insurer or Managing General Agent (MGA) that recommended the business.

The DR of a business that is a sole proprietorship is its sole proprietor.

DRs of a business licensed as an MGA are responsible for screening and the ongoing monitoring of licensees that are recommended by the MGA. The DR must have procedures in place and use those procedures to ensure that licensees have the knowledge needed to obtain and maintain the licence for whichever classes of insurance they are selling.

The DR of a life including accident and sickness licence, or accident and sickness licence is responsible to manage the business as set out in the bylaws.

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

The DRs responsibilities can be assigned to other licensees but ultimately it is the DR that will be held responsible.



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## Specific Changes

### Managing General Agents

If any of your members are an MGA, they hold an agency licence under the old Act. If MGA's 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 LICs **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).**