

Request for Commission Lists

The **Insurance Councils of Saskatchewan** (Council) operate under an authority delegated by the Superintendent of Insurance to licence and regulate insurance agents, brokers, adjusters and agencies in the province of Saskatchewan. As part of that mandate, Council is responsible to ensure that any individual or business entity who is acting as an agent or adjuster in Saskatchewan holds the appropriate insurance licence.

In past years, the office of the Superintendent of Insurance directed requests to insurers to provide lists of commissions paid, in order to determine if appropriate licenses were in place. Council has now been authorized through the Superintendent of Insurance to request those lists from insurers.

Council has begun requesting insurers and MGA's to provide lists of business entities and/or individuals who have received compensation for transacting insurance to Saskatchewan consumers. In addition, to transacting insurance, business entities and/or individuals cannot solicit insurance, written or verbal or internet, without holding the appropriate insurance licence.

Council has identified numerous websites where business entities are soliciting insurance on behalf of an insurer, and receiving compensation for said solicitation, without holding an insurance licence. Websites that solicit insurance or may have a mechanism for the consumer to obtain an insurance quote or the website may be linked to an insurer; must be licensed. It is also not acceptable for individuals who are not licensed to speak with Saskatchewan consumers about insurance and then refer them to a licensed individual to finalize the sale of insurance. *The Saskatchewan Insurance Act (Act)* prohibits these types of practices.

It is the insurer's responsibility to ensure business entities and/or individuals are licensed in accordance with the Act before accepting insurance business.

The definition of agent reads as follows:

- (d) **"agent"** or **"insurance agent"** means a person who:
- (i) *solicits, negotiates or effects for or on behalf of any insurer a contract of insurance;*
 - (ii) *for compensation, acts in the solicitation or negotiation of insurance;*
 - (iii) *transmits, for compensation, for a person other than himself, an application for or a policy of insurance to or from an insurer; or*
 - (iv) *retains as compensation any portion of a premium received by him;*
- and includes a general agent but does not include an officer or salaried employee of an insurer.*

Council is also responsible for licensing adjusters and adjusting firms. The definition below identifies under what circumstances an adjuster must be licensed.

(c) **“adjuster”** means a person who:

- (i) *on behalf of an insurer or an insured, for compensation, directly or indirectly solicits the right to negotiate the settlement of or investigate a loss or claim under a contract or a fidelity, surety or guaranty bond issued by an insurer, or investigates, adjusts or settles any such loss or claim; or*
- (ii) *holds himself out as an adjuster, investigator, consultant or adviser with respect to the settlement of any such loss or claim;*

but does not include:

- (iii) *a barrister or solicitor acting in the usual course of his profession;*
- (iv) *a trustee or agent of the property insured;*
- (v) *a salaried employee of a licensed insurer while acting on behalf of such insurer in the adjustment of losses; or*
- (vi) *a person who is employed as an appraiser, engineer or other expert solely for the purpose of giving expert advice or evidence.*

The most frequently asked question is, “Does an adjuster need to be licensed in Saskatchewan if the claim is initially sent to a licensed adjuster in Saskatchewan and then referred back to an out-of-province adjuster for the settlement of the claim”; the answer is yes. Individuals adjusting by phone are also required to be licensed (other than individuals identified in (c) (v) above).

This bulletin is being provided to insurers, agencies and adjusting firms as Council anticipates that requests for commission lists will increase in 2014 as we endeavor to ensure business entities and/or individuals operating in Saskatchewan are appropriately licensed.

Questions regarding this bulletin can be addressed to Annette Graff, Manager of Licensing or Cindy Swales, Licensing Officer at 306.347.0862; or by email to info@skcouncil.sk.ca.

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