



## Travel Health Insurance Association (THIA) 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

The new legislation requires that organizations that act as Third-Party Administrators (TPA) are to be licenced with the ICS. TPA is defined in The Insurance Regulations as:

**“third party administrator** means a business that, for compensation, carries out activities to administer a contract of insurance on behalf of an insurer, other than solely clerical activities, but does not include a business that is licensed as an insurance agent or managing general agent.”

If your organization is currently licensed as an Insurance Agent your organization does not meet the definition of a TPA.

Businesses that pay claims for Saskatchewan residents will require a TPA licence.

TPAs who perform the following functions need to be licensed:

- TPAs that administer group benefit plans on behalf of the plan sponsor, including:
  - enrolling members;
  - maintaining member data/eligibility and application forms that have either been provided or pre-approved;
  - issuing benefit booklets that have either been provided or pre-approved; o preparing billing statements;
  - collecting and remitting premiums/taxes; and,



- paying claims for one or more benefits (e.g. health, dental, disability, etc.).

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.

### **Disclosures**

The General Insurance Council of Saskatchewan (GICS) and 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 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.

Travel agencies that hold a current All Classes other than Life Restricted to Travel Insurance (Restricted Travel Insurance) must have a licensed individual as their DR.

**DRs of a Restricted Travel Insurance business** are responsible for screening new licence applicants and for the ongoing monitoring of licensees that represent the business. The DR must have procedures in place and use those procedures to ensure that applicants and licensees have the knowledge needed to obtain and maintain the licence for the class of insurance they are selling.

A Restricted Travel Insurance business who DR resigns, is terminated or dies, must go to its recommending insurer to have a new DR recommended. At that point, the new DR is responsible to recommend any new individuals hired by the business. This is a change from the old Act, where the insurer recommended the agency, then the agency recommended the DR and the individual agents.



When a licensee leaves the Restricted Travel Insurance business, the DR of that business needs to notify the GICS immediately that the licensee's recommendation is cancelled and specific reasons for the cancellation.

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

For travel agencies, selling insurance with a **Restricted Insurance Agent (RIA)** licence the DR must be an individual. The DR is responsible for receiving notices and other documents on behalf of the restricted licensee.

**The DR of a Third Party Administrator (TPA)** must be an individual who holds a TPA DR licence and who is recommended by the insurer that recommended that the TPA be licensed.

The DR is responsible to:

- manage the TPA as set out in the Bylaws;
- respond to inquiries from ICS; and
- receive notices and other documents on behalf of the TPA.

Applications to ICS for a TPA 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).**