

Insurance Bureau of Canada Backgrounder

As of January 1, 2020, 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.

ICS has developed a comprehensive campaign and a variety of tools to ensure you are well informed and ready to comply with the Act when it comes into force.

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.

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

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

- rented-automobile contents insurance; and,
- rented-automobile liability insurance.

If you pay compensation to anyone selling these insurance types, you must make sure they have a licence. You must also tell ICS who they are.

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

The new Act allows property and casualty insurance (P&C) agencies to adjust claims under \$10,000 without an adjusters' licence.

There is also a new definition of "general insurance." As of January 1, 2020, it means any class of property and casualty insurance other than accident and sickness insurance.

Disclosures

The General Insurance Council (GICS) Bylaws already require you to tell customers about any fees you charge over and above premium (advising them in writing of both the fee and the reason for it). As of January 1, 2020, consumers must also **agree in writing to any fees** before you can charge them.

Errors and Omissions (E&O) Insurers are responsible for advising ICS when a licensee's E&O insurance coverage ends, whether it lapses or is cancelled.

Audits

As of January 1, 2020, ICS will have the ability to audit your business.

The Insurance Regulations allow the GICS 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 (DRs) under the new Act; we've included a summary here.

The DR of a Restricted Insurance Agent (RIA) must be an individual who is recommended by the insurer that recommended the RIA be licensed. The DR is responsible for receiving notices and other documents on behalf of the restricted licensee.

DRs of a P&C 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 whichever classes of insurance they are selling.

If a P&C business loses its DR, its recommending insurer needs to immediately recommend a new DR. 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 P&C business, the DR of that business needs to notify the General Insurance Council **immediately** that the licensee's recommendation is cancelled and why the recommendation has been cancelled.

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

ICS has resources and training to help DRs understand their responsibilities.

Specific Changes

Third Party Administrators

Applications to ICS for a Third Party Administrator's licence must include the insurer agreements/contracts.

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