

Canadian Crop Hail Association 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 your members do business in Saskatchewan.

To ensure a smooth transition and compliance with the new act, the Insurance Councils of Saskatchewan (ICS) is committed to educating all our stakeholders about key changes in the Act and any actions you and your members 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 and the businesses of your members are in line with the new legislation.

Specific Changes

Hail Insurers and Licensees

The Hail Insurance Council will be wound down December 31, 2019. Persons holding a crop hail insurance agent or adjuster licence will now be represented by the General Insurance Council of Saskatchewan (GICS), which will also issue all crop hail insurance licenses.

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.

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.

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 GICS Bylaws already require your members 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.

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.

DRs of a crop hail 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 whichever classes of insurance they are selling.

If the DR of a crop hail insurance business resigns, is terminated or dies, the business needs to immediately appoint 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.

The GICS may approve a temporary designated representative in the prescribed circumstances.

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

When a licensee leaves the crop hail insurance business, the DR of that business needs to immediately notify the GICS the licensee’s recommendation is cancelled and why the recommendation has been cancelled.



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

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