

General Insurance Agencies 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 Councils 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 the new Act.

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 legislation.

New definitions and rules

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.

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

Disclosures

To call yourself an "insurance broker" or "insurance brokerage" you must hold a valid insurance agent's licence and represent two or more insurers.

Brokers or brokerages that can only obtain insurance for a specific risk from one insurer must disclose that to clients or potential clients and tell them who the insurer is.

Are you an agent who works for more than one business? If so, you need to clearly tell your clients which business you represent—***every time, and for each transaction***.

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.

Audits

As of January 1, 2020, GICs 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 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 the class of insurance they are selling.

As the DRs expanded role is so important to the business, GICS must immediately be notified if the DR of the business leaves or dies. The business licence will be cancelled if there is no qualified DR appointed.

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

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

A DR Handbook has been created and all DRs and senior management of an agency are expected to be familiar with and utilize the handbook. This handbook is meant to help DRs and their employers understand their responsibilities.

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