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Insurance Council of Manitoba

Council Report

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Welcome to our New Staff Member

The Insurance
Council of
Manitoba is pleased
to introduce
Meshalynn Duval,
the new
Receptionist/
Secretary at the
Council Office. We
welcome Mesh to
the team.



Bits and Bites

The Insurance Councils of Manitoba have been busy advancing new initiatives relating to agent licencing. The Life Licence Qualification Program has been introduced along with supervision and co-signing requirements. We are confident that the pre-licence training course has indeed raised the bar and will produce life agents who are better able to serve the needs of the consumer in Manitoba. New licencing rules were enacted to reflect these changes and all Life and Accident & Sickness Insurance Agents received these March 3, 2003.

The Insurance Act rewrite is still underway, and the committee continues to meet monthly on this project. Stakeholders from all industry sectors are at the table on this initiative. Slow and steady wins the race and with the exceptional guidance and leadership of Jim Scalena, the Superintendent of Financial Institutions, we are moving forward in a positive and well thought out fashion. Representatives from the general insurance industry, the life insurance industry, legal counsel, research analysts, risk managers and adjusters have some interesting and lively discussion as we move through the Insurance Act and the Regulations.

The General Insurance Council have endorsed the concept of a proposal advanced by the Insurance Brokers Association of Manitoba, relating to an auto broker only licence. While amendments have been drafted for the introduction of this class of licence, Council awaits the development of an approved and tested course. We continue to work closely with Manitoba Public Insurance and the Insurance Brokers Association of Manitoba on this project to ensure that Manitoba consumers are protected and we will keep you apprised of future developments.

Every insurance agent licence issued under the Insurance Act of Manitoba and each renewal application for a licence is **conditional** on the existence of and the continual maintenance by the agent of a liability insurance policy. The limits and terms of the insurance required are prescribed in the Regulations. The Insurance Act of Manitoba also states that an agent shall:

- ◆ ***NOT** carry on the activities of an insurance agent while not insured under a liability insurance policy which meets the prescribed requirements; and*
- ◆ *Notify Council immediately should the liability policy lapse, or be cancelled by either the agent or the insurer.*

As agent licences are issued on the condition these requirements are met, should an agent fail to notify Council as required; or continue to operate without the appropriate Errors & Omissions coverage in place, they are in breach of the Insurance Act of Manitoba and will be subject to disciplinary review.

Welcome Back

The Council office welcomes back Jim Baxter, CLU. Jim, who served on the Life Insurance Council for many years and made valuable contributions to the Life Insurance industry throughout his career, has agreed to proctor the Life Licence Qualification Program (LLQP) examinations. It is a pleasure to have him back to our office on a periodic basis.

Disciplinary Decisions

Alfredo Arrojado – Council determined Life Insurance Agent Licence be suspended for a period of four (4) weeks for failing to carry out the instructions of a client, failing to act in accordance with client's investment objectives, and altering documents to make changes which were against the express wishes of the client. The agent was also assessed partial costs of the investigation in the amount of \$500.00. This decision was appealed to the Provincial Licencing Appeal Board. The Board upheld the decision of Council and awarded an additional \$1000.00 in costs, bringing the total costs payable to \$1,500.00. The Board also stipulated that should total costs to the Council not be paid by the last day of suspension, the suspension would continue until the costs were paid in full.

Daniel Dauphinee – Council determined Life Insurance Agent Licence be revoked and that agent be found unsuitable to hold a Life Insurance Agent Licence in the province of Manitoba for multiple contravention of the Insurance Act of Manitoba and the Life Insurance Agent Code of Conduct. The agent engaged in fronting for an unlicensed individual, allowed an unlicensed person to consult with clients and policyholders and make recommendations for coverage, and initiated intimidation tactics with consumers. The agent was also assessed costs in the amount of \$3,398.00. This decision was appealed to the Provincial Licencing Appeal Board. The Board upheld the decision of Council, and awarded additional costs in the amount of \$1,900.00, bringing the total costs payable to \$5,298.00.

Scott Spence (Spence Financial Group) – Council determined Life Insurance and Accident & Sickness Insurance Agent pay a fine of \$100.00 and costs of \$1,000.00 for failing to respond to Council during an ongoing investigation. The agent failed to pay and his life and accident & sickness licences were suspended until payments were received in full.

Scott Spence (Spence Financial Group) – Council determined Life Insurance Agent and Accident & Sickness Insurance Agent licences be suspended for a period of four (4) weeks for repeated failure to respond to Council during an ongoing investigation. The agent was also fined \$500.00 and was also assessed partial costs of the investigation in the amount of \$500.00.

Donald Park – Council determined Life Insurance and Accident & Sickness Insurance Agent pay a fine of \$500.00 for failure to accurately complete disclosure statements in a matter of replacement. The agent was also assessed partial costs of the investigation in the amount of \$250.00.

Paul d'Eschambault – Council determined General Insurance Agent/Broker Licence be suspended for a period of four (4) weeks for failure to respond to Council during an ongoing investigation. The agent was also assessed partial costs of the investigation in the amount of \$500.00.

Agnes Walkey - Council determined Life Insurance Agent pay a fine of \$250.00 and costs of \$250.00 for improper completion of disclosure statements in a matter of replacement.

D. Rowan Carmichael - Council determined Life Insurance Agent Licence be suspended for a period of two (2) weeks for failure to accurately complete disclosure statements in a matter of replacement. The agent was also assessed costs in the amount of \$500.00.



The use of any information in this Council Report to discredit another licensee, or any other person, is not permitted and may result in disciplinary action against a licensee using the information in such a manner.

RENEWAL

It is that time of year again. Council will be processing approximately 6,500 renewals for agents and brokers.

Please ensure that you carefully read over the instruction sheet that is enclosed with your renewal form(s). Make certain that the appropriate licence fee and all required documentation are attached to your completed renewal form. **The licence fee is indicated in the top right corner of your renewal form.**

If you are amending your agency name or sponsoring insurer, you **MUST** complete a new application form in full with the insurer's signature. (All application forms are available on our web-site.)

We will **NOT** accept renewal forms after May 31, 2003. On June 1st you will be required to complete a new application form in full and have it signed by your insurer.

**RENEWAL DOCUMENTATION
IS ENCLOSED.**

Incomplete Applications

Council has been receiving licencing applications that are missing pages, have incomplete questions, have not been duly sponsored or are lacking supporting documentation.

With applications now available from our web-site, it is easy for a page to be discarded. ALL pages of the application are relevant and must be attached and proper completion of questions is pertinent to the approval process of a licence. When you sign the declaration on an application, you have attested to Council that all answers and statements are true and correct and that you have read and understood the contents of the application.

To avoid unnecessary delays in the processing of your application, please take the time to look over your application ensuring all is in order before submitting to the Council. If you are unsure of a question or do not know the answer, you can check either with your sponsoring company/agency or with the Council at (204) 988-6800.



Q. If my licence was cancelled for not upgrading from a level 1 life insurance agent to a level 2 life insurance agent, what are my options to obtain a licence?

A. The **ONLY** option that is available to an individual in this situation is to complete the Life Licence Qualification Program (LLQP) and pass the LLQP examinations in order to obtain a licence.

Q. Who offers the LLQP Course and where do I take the Examination(s)?

A. Once you complete your course and examination with one of the ten pre-approved course providers (a list is available on our web-site under "*Licensing Info*"), you will receive a certificate of completion. Present this original certificate of completion to our office with your completed application form and you may book an examination sitting.

Q. How do I obtain a separate Accident & Sickness Insurance Agent Licence?

A. The Accident and Sickness portion of the Life Licence Qualification Program (LLQP) is the **ONLY** option for an individual to obtain a separate Accident & Sickness Insurance Agent Licence.

REMINDER

At the beginning of March, our office mailed a memo with an attached Supervision Certificate to all Level 1, Probationary and initial Full Life Agent Licensees.

With renewal fast approaching, we require signed Supervision Certificates be returned to our office immediately. **For those affected, licences will not be renewed unless Council has received this form.**

As a reminder, the Supervising Agent must be licenced as a Level 2 or Full Life Insurance Agent for at least three (3) continuous years immediately before the date of the declaration, and **the Supervising Agent must hold a valid licence in Manitoba.**

New Licensing Rules

The Life Insurance Agents and Accident and Sickness Insurance Agents Licensing Rules have been amended and all life and accident & sickness insurance agents were provided with a copy of the new rules. The rules enacted in 1995 have been repealed.

Supervision

Each level 1 and probationary life insurance agent as well as all full life insurance agents, who have not held a licence for a period of two continuous years, must be supervised by a supervising agent. Qualified supervisors must hold a Full agent licence or Level 2 agent licence for a period of three continuous years.

The supervising agent must countersign all disclosure statements that have been completed by a level 1 or probationary life insurance agent. In addition, the holder of a probationary life insurance agent licence must ensure that each application and needs analysis is countersigned by the supervising agent or the supervising agent's designate.

As a reminder, with the supervising agent countersigning these documents, he or she may be held accountable as the actual signing agent.

Welcome to our New Life Council Member

Council would like to welcome Don Manson, CFP, CLU, CH.F.C., RHU as a recent appointment to the Life Insurance Council effective February 1, 2003.

Joining the industry in 1976, Don has been involved with training in various capacities, first with New York Life and then Canada Life, following their purchase of the Canadian operations of the New York Life in 1994.

In June of 1998 he was appointed as the Managing Director of Canada Life's Manitoba Regional Marketing Centre. With a reworking of Canada Life's distribution model in 2000, Don was appointed as Marketing consultant for Manitoba working with all distribution channels.

Don is a proponent of education and on receiving his CLU designation in 1981 was awarded the John A. Tory Award as the top CLU graduate in Canada. He received his CFP in 1989 with honours, was granted the Ch.F.C. designation in 1992 and as of 1997 also obtained his RHU designation.

We welcome Don and look forward to working with him.

Ministry of Consumer & Corporate Affairs

On September 24, 2002, the department of Consumer and Corporate Affairs became a division of the Ministry of Finance. Council had the pleasure of recently meeting with our new Minister, the Honourable Greg Selinger, Minister of Finance, to discuss ongoing issues relative to Council operations. It was a pleasure to meet with the Minister and Council looks forward to working together with his department as we move forward with ongoing consumer protection initiatives.

Professional Liability Insurance (Errors & Omissions)

Our office has been flooded with phone calls and letters from concerned agents regarding the Errors & Omissions Insurance market in Manitoba.

After researching this matter with the E&O providers, it appears there are available markets which include, but are not limited to:

1. Employers Reinsurance Corporation
2. Liberty International Canada
3. ACE INA Insurance Company

The named providers prefer that agents deal directly with a broker in order to purchase E&O insurance.

Life agents may choose to enroll in the CAIFA/Advocis sponsored Professional Liability Insurance program, which is underwritten by AON Reed Stenhouse. All inquiries pertaining to the Advocis sponsored E&O insurance plan should be addressed to:

AON Reed Stenhouse Inc.
20 Bay Street, Toronto ON, M5J 2N9
Tel: (416) 868-5571 Fax: (416) 868-5580

If you find yourself in a predicament where you are unable to locate a broker, please contact our office via email inquiries@icm.mb.ca.

New Life Applications

New Life and Accident & Sickness licencing applications have been developed and may be downloaded from our web-site under "Printable Forms". Existing licencing applications will not be accepted after **April 30, 2003**.

Life Insurance Council

Dennis Brugger	Chairperson
J. Randy Viray	Vice-Chairperson
Patricia Nord	Member
Zbigniew Gryz	Member
William Stewart	Member
Donald Manson	Member

General Insurance Council

Ernie Gilroy	Chairperson
Ellen Duncalfe	Vice-Chairperson
Janet Sabourin-Gatin	Member
Arthur Jonasson	Member
Claude Forest	Member
Vacant	

Insurance Adjusters Council

Leann Hathaway	Chairperson
Susan Thain	Vice-Chairperson
Pauline Sackvie	Member
Victor Dumesnil	Member
Don Jodoin	Member
J. Miles Barber	Member

Canada's Legislation: The Proceeds of Crime (Money Laundering) and Terrorist Financing Act

Objectives of the Act

The Proceeds of Crime (Money Laundering) and Terrorist Financing Act has three key objectives:

- ◆ to implement specific measures to detect and deter money laundering and the financing of terrorist activities and to facilitate investigations and prosecution of the related offences;
- ◆ to respond to the threat posed by organized crime by providing law enforcement officials with the information they need to deprive criminals of the proceeds of their criminal activities, while protecting individual privacy; and
- ◆ to help fulfill Canada's international commitments to fight multinational crime.

Specific measures include but are not limited to the following:

- ◆ **Record keeping and reporting**
Reporting persons and entities (including brokers and agents) have to implement a compliance regime, keep certain records and ascertain client identification. They also have to report suspicious transactions to FINTRAC. In addition they will also have to report certain other financial transactions to FINTRAC.
- ◆ **Cross border reporting**
The import or export of currency or monetary instruments of, or over, a certain value (to be specified by pending Regulations) will have to be declared to the Canada Customs and Revenue Agency.

What is FINTRAC?

The Financial Transactions and Reports Analysis Centre of Canada (FINTRAC) is an independent government agency. It operates at arm's length from law enforcement agencies, and collects, analyzes and discloses information to help detect, prevent and deter money laundering and the financing of terrorist activities in Canada and abroad.

Who has to Report to FINTRAC?

The following persons and entities will have to report suspicious and certain other transactions to FINTRAC:

- ◆ financial entities (such as banks, credit unions, caisses populaires, trust and loan companies and agents of the Crown that accept deposit liabilities);
- ◆ **life insurance companies, brokers and agents;**

- ◆ securities dealers, including portfolio managers and investment counsellors;
- ◆ persons engaged in the business of foreign exchange dealing;
- ◆ money services businesses (including alternative remittance systems, such as Hawaii, Handi, Chitti, etc.);
- ◆ Canada Post for money orders;
- ◆ accountants and accounting firms (when carrying out certain activities on behalf of their clients);
- ◆ real estate brokers or sales representatives (when carrying out certain activities on behalf of their clients);
- ◆ casinos (including those authorized to do business in Canada, with a slot machine or roulette or card games, but excluding certain temporary charity casinos); and
- ◆ legal counsel and legal firms (when carrying out certain activities on behalf of their clients);

What has to be reported to FINTRAC?

The first of the reporting requirements described below became effective in 2001. The rest of the reporting requirements were phased in throughout 2002. Other guidelines will be updated and new guidelines will be created to explain these reporting requirements in more detail.

Suspicious Transactions

Since November 8, 2001, reporting persons and entities have to report transactions if there are reasonable grounds to suspect that the transactions are related to the commission of a money laundering offence. Effective June 12, 2002, they also have to report transactions if there are reasonable grounds to suspect that the transactions are related to the commission of a terrorist activity financing offence.

The Insurance Council of Manitoba urges you to familiarize yourself with the requirements of the Proceeds of Crime (Money Laundering) and TERRORIST Financing Act and how these requirements may impact your business.

For further information on FINTRAC and its activities and the guidelines please go to FINTRAC's web-site (www.fintrac.gc.ca) or contact FINTRAC:

Financial Transactions and Reports
Analysis Centre of Canada
Ottawa, Ontario
Canada K1P 1H7
Toll free - 1-866-346-8722



The Insurance Council of Manitoba values integrity, accountability, cooperation, accessibility, respect, professionalism and education.

Q. If I hold both a Life Insurance Agent Licence and a separate Accident & Sickness Insurance Agent Licence, do I need to accumulate 15 continuing education credit hours for Life and 8 continuing education credit hours for Accident & Sickness in the 2003-2004 licencing year?

A. No. If you are the holder of both a Life Insurance Agent Licence and a separate Accident & Sickness Insurance Agent Licence, you only need to accumulate 15 continuing education credit hours for the 2003-2004 licencing year. If you hold an Accident & Sickness **ONLY** licence, you will need to accumulate 8 continuing education credit hours prior to May 31, 2004.

Continuing Education Supplementary Application Form

Enclosed with your renewal package is a separate ***Continuing Education Supplementary Application Form***. Agents are required to complete the form, attesting to the completion of the appropriate number of credit hours during the 2002/2003 licencing year. Please be advised that random audits will be conducted at a later date. Your licence renewal for the 2003/2004 licencing year will not be processed unless you have returned the supplementary application form.

General Operating Agent/Broker Level 3 - Designated Representative Who can sign general insurance agent/broker licence applications?

Applications for General Insurance Agent/Broker Licences are being submitted to Council for licencing where an individual other than the authorized Designated Representative has signed the recommendation section. **Only** the authorized Designated Representative can approve a General Insurance Agent/Broker Licence application and only one individual can be appointed as the Designated Representative. No other person is authorized to approve a licence application.

Please be reminded that it is the duty of the Designated Representative to implement reasonable screening procedures to determine if the applicant is a suitable person to receive a licence, before approving the licencing application, pursuant to the Insurance Act of Manitoba.

The Designated Representative must also notify Council immediately, and in writing, if they are withdrawing sponsorship and they must provide the reason(s) for termination.

Continuing Education Credit Hours

Effective with the June 1, 2003 licencing year, exemptions from continuing education credit hours will no longer be given in the first licencing year. If you are a General Insurance Agent, you will be required to accumulate eight (8) continuing education credit hours for the period beginning June 1, 2003 to May 31, 2004 and for each licencing year thereafter, regardless of when you first become licenced.

The same rule applies to Life Insurance Agents. Exemptions from continuing education credit hours for upgrading to a Level 2 Licence will not be granted, unless you upgrade by taking the IFATC 1, 2 and 3, or the full life licence qualification program.

Effective June 1, 2003, agents who hold an Accident & Sickness Insurance Agent Licence ONLY will be required to complete continuing education credit hours. The first reporting will be with the May 31, 2004 licencing year, and eight (8) hours of continuing education will be required.

Insurance Council of Manitoba - Mission Statement

The Insurance Council of Manitoba is committed to serving and protecting the public by regulating insurance licensees under the Insurance Act of Manitoba and by ensuring that licensees act within a professional framework which promotes fair and ethical conduct, integrity and competence.