

Incidental Sale of Insurance Q&A

Q. Does our business need to apply for a Restricted Insurance Agent (RIA) licence?

A. The *Insurance Act and its Regulations* defines an Incidental Seller of Insurance. Organizations which meet this definition must hold a Restricted Insurance Agent (RIA) licence approved and issued by the Insurance Council of Manitoba. A list of the classes or types of insurance for which a RIA licence may be issued and the persons or entities that might be eligible to hold a RIA licence can be found at www.icm.mb.ca

Q. If the business does not fall within the definition, does it require a RIA licence?

A. A business must fall within the definition to qualify for a RIA licence. You may wish to confirm with Council that it does not fall under a type of insurance business that requires another class of licence.

Q. Why do we need to apply for a licence?

A. It is a requirement under the Manitoba *Insurance Act* that every business which acts as an insurance agent must hold a valid insurance agent's licence. The *Act* allows for a restricted insurance agent licence to be issued to prescribed businesses to act, subject to prescribed conditions and restrictions, as an insurance agent in respect of certain types of insurance products. The Superintendent of Insurance has delegated the responsibility of issuing insurance agents' licences in Manitoba to the Insurance Council of Manitoba. If you wish to sell insurance, you are required to apply for and be issued an insurance agent's licence prior to acting as an agent.

Q. Our business outsources some of its services to another Entity. May we sub-contract the solicitation of insurance to a third party? If yes, does that third party require a RIA licence?

A. You may sub-contract to a third party. That entity does **not** require a RIA licence. The RIA holder may act or offer to act as an agent through employees of another entity if the entity supplies its employees' services under a contract that provides adequate consumer protection and adequate control by the RIA licence holder to ensure that the RIA can meet its obligations under the licence and comply with the Regulation. The RIA Designated Official must affirm that there are policies and procedures to ensure that any individual representing the other entity is knowledgeable, competent and suitable. The Designated Official must notify Council in writing of any changes or cancellation of the contract within 15 days.

Q. What is a RIA Designated Official?

A. The RIA Designated Official is the individual in your business who has the authority to sign the RIA insurance agent application and is responsible for receiving all notices from, and providing required communicating to, the Insurance Council of Manitoba. The Designated Person is also responsible to

ensure that there are policies and procedures in place for all entities doing business under the RIA's licence and may be required to submit those policies and procedures if requested by Council.

Q. How do we apply for a RIA licence?

A. The RIA Designated Official must fully complete the Restricted Insurance Agent (RIA) application, and have it sponsored by an insurer which has entered into an agency contract with the business and is licensed to undertake the class of business for which the applicant has applied. Applicants other than those excepted, must provide evidence of liability insurance to satisfy the requirements of Section 371 (1.1) of the Act and provide a Certificate of Incorporation and Trade Name Registration with the Companies Office of the Province of Manitoba, if applicable. (Exceptions are Members of the Canada Deposit Insurance Corporation or are a credit union incorporated under *The Credit Unions and Caisses Populaires Act.*) The applicant must pay the required fee based on the number of employees offering insurance products on behalf of the business.

If the licensed RIA plans to use any corporation, partnership, individual or other entity to act or offer to act as an agent, a completed "Restricted Insurance Agent (RIA) – Employees of Other Entities" form must be completed and submitted by the RIA Designated Official.

Q. If the business sells insurance for an insurance company(ies) that does not sponsor its licence, must the business apply and hold a licence to sell the other company's products?

A. No. The business must hold a valid restricted insurance agent licence authorizing the business to transact that type of insurance. However, if the business expands into a new type of business the Designated Official must advise Council prior to soliciting insurance for that type of business and pay an amendment fee. (*The business may wish to check its contracts to ensure that there is no contractual prohibition from selling another insurance company's products.*)

Q. Does the business require errors and omissions (professional liability) insurance?

A. Yes, In accordance with Section 371 (1.1) of the *Insurance Act* and *Insurance Agents and Adjusters Regulation*, every business holding a licence must meet the requirement. A policy issued by a licensed insurer must be in the form and contain the terms, conditions, definitions and exclusions approved by the Insurance Council of Manitoba including the period after the term of the policy during which a claim may be made against it. When a policy covering errors and omissions is not in force, the restricted insurance agent licence will automatically be suspended.

Q. Our company has over 100 employees, but only a limited number are selling insurance products. Do we have to pay the licence fee based on the total number of employees or on the employees acting as an insurance agent on behalf of the business?

A. The fee is based on the number of employees acting as an agent.

Q. Does the business have to notify Council when there are changes in employees, i.e. when they leave or when new employees begin offering insurance products?

A. No. At the time when the business initially applies for a licence, and at each annual renewal, the Designated Official is required to submit the licence fee based on the number of employees who will be offering insurance products on that date. As the individual employees are not licensed, the Designated Official is not required to update the Council by deleting or adding the names of individuals during the licensing year.

Q. How do we know that a licence has been issued?

A. You may search for the status of the licence on the Council's web site (www.icm.mb.ca) from the link. Go to "For Consumers – Licence Search" and search under "Agency and Sponsors search." If the business name appears, it confirms the status of the licence, the name of the Designated Official, type of licence and sponsoring insurance company

Q. Our sponsoring insurance company has withdrawn its sponsorship. Can we continue to sell insurance?

A. No. If the sponsoring insurance company has withdrawn its sponsorship, the insurer is required to notify Council. Council suspends the licence and will notify the Designated Official that the licence has been suspended using the contact information on file with Council. The business is no longer authorized to act as a restricted insurance agent. An employee is not permitted to act as insurance agent until a new licence has been issued by Council.

Q. When and how do we renew our licence(s)?

A. Insurance licences are renewed annually on-line. The renewal date is May 31 of each year. When the renewal period commences, the Designated Official on file with the Council will be notified via the unique email provided to Council that the licence renewal period is open. The Designated Official is provided with a confidential password which is used to perform minor changes such as an address change and to renew the licence on-line.

Q. The RIA Designated Official for our licence(s) has left the business. What must we do?

A. Your business will be required to have a new RIA Designated Official appointed. The Designated Official must complete the required form, have it signed by the sponsoring insurance company and submit it to the Insurance Council of Manitoba.

Q. The name of the business has changed. What needs to be done?

A. The Designated Official of the new business will be required to complete an application including the signature of the sponsoring insurance company, and submit it with the applicable fee, if

applicable, to the Council. Where applicable a Certificate of Incorporation and Trade Name Registration with the Companies Office of the Province of Manitoba, a copy of the proof of errors and omissions insurance coverage in the name of the new business, and the Restricted Insurance Agent (RIA) Employees of Other Entities form must be submitted. The *Insurance Act* requires that the name of the business and the name on the insurance licence be the same.

Q. The business has moved. What needs to be done?

A. It is the responsibility of the Designated Official to provide current contact information with the Council. The easiest method of communication is by email with the Designated Official logging in using his User ID and updating his unique personal email address under his “personal profile.”

Q. How does the Designated Official obtain a new password if lost or forgotten?

A. The Insurance Council of Manitoba provides a logon ID and confidential password to the Designated Official and will not provide that password to another individual. When the Designated Official first logs on, that person is required to complete a security question and answer.

Q. The Designated Official is away from the office and we cannot renew our licence. How do we access the password?

A. The Designated Official is responsible for receiving all notices from the Council and for renewing the licence on-line. If the Designated Official is not available to renew the RIA licence, an alternative is for the business to submit a new application appointing a new Designated Official to renew your licence(s)

Q. If the business decides to stop selling insurance, will it receive a refund for the remainder of the licensing year?

A. No. Licence fees are paid on an annual basis with no refund if the licence is cancelled during the year.

Q. What happens if the business does not renew its licence?

A. The licence automatically expires if not renewed by the annual licence renewal date of May 31. If not renewed, your business is no longer authorized to act as an insurance agent and may no longer engage in the sale of insurance products for that type of insurance. After the licence has expired, and if the business wishes to re-apply, a completed application including the recommendation of the sponsoring insurance company will be required. There may be additional requirements.