



Consultation on Proposed Implementation of Agency/Firm (Corporate) Licensing

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The Insurance Council of Manitoba (ICM) is consulting on the introduction of an Agency/Firm Licence, which would establish a new class of licence that allows for ease of labour mobility while ensuring that consumers are properly being served and protected.

A very productive and idea-driven Strategic Planning session occurred in November 2022, and identified an overall approach that was two-fold:

1. How can the ICM better serve Manitoba consumers with a lens of public protection; and
2. How can the ICM better serve applicants, in assisting them in obtaining a licence, considering labour mobility across Canada, and, once they obtain a licence in Manitoba, ensuring the licence holder remains in compliance.

Labour mobility allows workers the ability to move more freely across Canada without additional barriers, and is an important consideration when reviewing an application for a licence. Manitoba is among one other province who presently does not issue corporate or partnership licences. A consistent and/or similar approach to consumer protection through the regulation of insurance agents, adjusters, agencies and firms allows for the ease of successful labour mobility.

This current gap in the licensing framework provides an inability for the ICM to regulate an Agency or Firm, which is problematic in ensuring that specific standards are maintained for public protection.

Avoiding Individual Reputational Harm and Strengthening Consumer Protection

Currently in Manitoba, any actions taken against the agency, brokerage or firm are published against the Operating Agent (OA)/Designated Representative (DR), causing potential reputational harm against the individual licence holder. Licensing of all Agencies, Brokerages and Firms avoids potential reputational harm to the responsible OA/DR, as a sanction would be published under the Agency, Brokerage or Firm name (Agency/Firm).

Many agents and adjusters carrying on business in the province are employed by an Agency/Firm. Consumers identify with the Agency/Firm in addition to the individual licence holder. Agencies/Firms should be subject to direct regulation and licensing requirements to ensure that proper operation and conduct occurs, strengthening consumer protection.

Proposed Requirements to Obtain an Agency/Firm Licence:

The ICM requires that an Agency/Firm must meet the following minimum standards to obtain a licence:

- Be registered and currently active with the Manitoba Companies Office, and remain registered and active at all times throughout the existence of the Agency/Firm Licence;
- Operate in an office separate from any financial institution or insurance company and hold the office out publicly as the office of an Agency/Firm;
- Agency only: Represent at least one insurance company authorized to carry on business in Manitoba;

- Have an active, qualified, suitable and responsible Operating Agent (OA) or Designated Representative (DR) who maintains a licence at all times throughout the existence of the Agency/Firm;
- Ensure the OA or DR has successfully completed the pre-requisite Agency/Firm Responsibilities and Obligations Course (*newly developed free online course geared towards Agency/Firm licensing*); and
- Provide proof of active and in-force Errors and Omissions (E&O) insurance specific to the Agency/Firm.

The Agency/Firm would then apply in a similar manner to the already existing individual agent/adjuster licence, via an online application, provide all mandatory conditions of licensing, and pay the annual licence fee (the proposed fee was outlined in the prior [March 2024 Fee Regulation Consultation](#)).

Brief Clarification Points:

- Annual continuing education (CE) for the Agency/Firm would not be a requirement at this time.
- A sole proprietorship, with only the sole proprietor conducting insurance agent/adjuster business, would not be required to apply for an Agency/Firm Licence.
- CRC's would not be required for directors or owners of the Agency/Firm unless they are applying as an individual licence holder.
- Errors & Omissions would be required for the Agency/Firm, and this coverage would be required to cover all licence holders, employees and independent contractors of the Agency/Firm.
- A corporate bankruptcy would not necessarily prohibit the Agency/Firm from obtaining a licence. The ICM would review the entire picture and background to determine whether the Agency/Firm is suitable to obtain a Manitoba licence.
- Any change in Operating Agent (OA) or Designated Representative (DR) must be submitted in writing to the ICM as soon as practicable by the OA or DR.
- Where an Agency/Firm has branch offices under the exact full Agency/Firm name, the branch offices would not require a separate licence. However, each branch location would need to be listed on the Agency/Firm Licence and would be subject to the oversight of the primary office location and the Operating Agent (OA) or Designated Representative (DR).
- An Insurance Company sponsorship will continue to be required for each Agency licence.

The Consultation Process and How to Submit Feedback

The ICM is launching a 90-day public consultation on this Proposed Implementation of Agency/Firm Licensing, and is inviting industry and stakeholder feedback. As the consultation is open over the summer months, the ICM will be extending the typical 60-day consultation by an additional 30-days (for a total of 90-days) closing on **Thursday, September 26, 2024**. This extended period allows for stakeholders to avoid potentially missing out on providing their feedback if away during the summer months.

The ICM invites written feedback and submissions to this consultation. Please send all feedback to contactus@icm.mb.ca by September 26, 2024.

The ICM appreciates your participation in this consultation process.

INSURANCE COUNCIL OF MANITOBA

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