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# INSURANCE COUNCILS OF SASKATCHEWAN

Bulletin

June 2002

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## ICS Mission Statement

The Insurance Councils of Saskatchewan (ICS) are committed to a fair, ethical and professional industry which ensures that consumers receive responsible, trustworthy advice and service regarding insurance and financial matters.

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## Council Web Site

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The Insurance Councils of Saskatchewan web site includes forms, bylaws, industry links and a complete listing of licensees.

The address is [www.insurancecouncils.sk.ca](http://www.insurancecouncils.sk.ca)

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## All Licensees

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### Puget's Sound Agricultural Society Ltd.

The Superintendent of Insurance has received information from the Financial Institutions Commission of British Columbia (FICOM) that Puget's Sound Agricultural Society Ltd. has been issued a Cease and Desist Order following an investigation of Puget's operations which are centralized in Richmond, BC. Alberta has also ordered a Cease and Desist Order for Puget.

Anyone holding a membership with Puget may be liable for damages in the event of a loss or accident. Based on information received from BC, there is at least one Saskatchewan resident who holds a membership with Puget.

Puget's Sound Agricultural Society Ltd. has never applied for a licence in Saskatchewan and as such is not licensed to transact insurance in Saskatchewan.

Licensees are reminded to deal only with licensed insurers. These can be verified at the Council office (306) 347-0862 or Superintendent's office (306) 787-2953.

Persons aware of activity related to Puget are asked to contact Jamie Singer, Superintendent's office at (306) 787-5550.

## Critical Illness Insurance

The Insurance Councils of Saskatchewan have requested an opinion from the Superintendent of Insurance as to whether critical illness is a Life or Accident & Sickness product.

The Superintendent's comments included the following:

"Although the critical illness plans I have reviewed might appear at first glance to be 'sickness' insurance plans, they do not meet the definition of 'sickness' products, particularly if the policy provides for return of premium, the designation of a beneficiary or payment upon death.

In our view, at the present time the trigger for characterizing the product as 'life insurance' is



whether there are life insurance features, payment upon death and return of premium options.

Critical illness insurance may not always fall within the life product category. There could conceivably be critical illness insurance added to property and casualty products without return of premium provisions, the designation of a beneficiary or payment upon death - this critical illness add-on insurance would not be characterized as "life insurance".

The Superintendent indicated that the Superintendents of Insurance from across Canada will be reviewing this matter further and that Council will be provided with additional information, as it becomes available.

## Unlicensed Wholesalers/ Direct Writers

The following insurance brokers are not licensed in Saskatchewan.

HUD Insurance Services  
6181 Fraser Street  
Vancouver BC

Holidair Insurance Services Ltd.  
3131 St. John's Street  
Port Moody BC

These agencies may be acting as a wholesaler or dealing direct with the consumer.

Council would appreciate being advised of any business that has been placed with these agencies.

## Audited Financial Statement

The December 31, 2001 Audited Financial Statement is available from the Council office upon request.

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# Hail Licensees

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## Hail Agent Licensing Requirements

Hail licensees, insurers and managing general agents are reminded that Errors & Omissions "E & O" insurance is now mandatory for all Hail Only Licensees.

All licensees will be required to file a copy of the E & O Certificate of Insurance with the Council prior to June 30, 2002.

Failure to submit evidence of E & O to the Council office by June 30, 2002 will result in licence suspension. This insurance policy must be renewed each year and a copy of same must be submitted to the Council every year.

To date the following E & O providers have identified themselves to Council.

Co-operators	(306) 934-7309
Galon Insurance Brokers	(306) 525-0888
Henderson Insurance	(306) 694-5959
Independent Agencies	(306) 782-2275

## Hail Bylaw Exam

All new applicants and individuals who have allowed their licence to become inactive for thirty days or more are required to successfully write the Hail Bylaw Exam prior to licensing.

Copies of the exam application form may be obtained from the Council office or from the Insurance Brokers' Association of Saskatchewan at (306) 525-5900.

## Hail Adjuster Licence

Beginning January 1, 2003, hail adjusters will be required to be licensed by the Hail Insurance Council of Saskatchewan.

It is expected that hail adjusters will be required to successfully complete a qualifying exam prior to becoming licensed.

Council is giving consideration to grandfathering existing adjusters who have three years or more experience.

Errors & Omissions insurance is also under consideration for hail adjusters.

Please contact the Council office if you wish to obtain a copy of the draft bylaws for comment.

## Annual Hail Reporting Forms

The Annual Reporting Forms must be completed (both sides) and returned to the Council office no later than June 30, 2002. A copy of your E & O must also be attached to the form.

Licenses who fail to renew their licence by June 30, 2002 will have their licence cancelled.

Licenses are reminded that if your licence becomes inactive for a period of thirty days or more, the Hail Bylaw Exam must be passed prior to applying for a licence.

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## Travel Licensees

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### Travel Exam Update

New travel only agents or individuals who have allowed their licenses to become inactive for more than thirty days are required to successfully complete a qualifying exam and a bylaw exam prior to applying for a licence.

Exam statistics gathered since the inception of this requirement on March 1, 2001 are

	<u>Pass</u>	<u>Fail</u>
Accident & Sickness Exam	1	1

Travel Qualifying Exam	35	4
Travel Bylaw Exam	30	23

These statistics seem to indicate that applicants have not thoroughly prepared for the bylaw examination.

## Continuing Education

All Travel only licensees (including non-residents) must obtain a minimum of three hours of continuing education annually.

A current copy of the Council bylaws and list of pre-approved course providers can be obtained from the Council web site.

The address is [www.insurancecouncils.sk.ca](http://www.insurancecouncils.sk.ca)

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## Life and A & S Licensees

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### Life Licence Qualification Program

(Includes Accident & Sickness Only Licensees)

Canadian regulators have been working together, along with various stakeholders in the life insurance industry, to harmonize and update the standards for life insurance agents. The new standards that have been developed through this process are known as the Life Licence Qualification Program or *LLQP*. The LLQP involves the completion of a mandatory pre-licensing course, a qualifying examination and a one-step licensing system.

In most provinces and territories, regulators have agreed to introduce the LLQP course and examination on an optional basis beginning June 1, 2002. They will accept the completion of the LLQP course and the examination as an optional equivalency for the existing Level I and Level II examinations. The regulators have agreed that the LLQP will be optional for a period of not less than ninety days. Regulators are working to have

regulations or bylaws put into place where required.

This optional period will provide the insurance industry an opportunity to gain experience with the LLQP process and to share those experiences with regulators.

The following backgrounder provides important information about this national initiative.

- The LLQP is a standard for prospective life insurance agents entering the business that has the following components:
  - a mandatory pre-licensing course provided by commercial course providers that meet certain standards (currently there is no requirement for life or accident & sickness insurance agents to complete a training course);
  - an examination that tests application of knowledge rather than the recollection of facts; and
  - a single licence standard, rather than the one, two or three licenses required in different provinces and territories today.
- To start, the LLQP course and examination will be accepted as alternatives to the existing licensing examinations in participating provinces and territories. Quebec already has an updated proficiency program and is not participating in this initiative.
- The LLQP was developed by industry subject matter experts (agents and company staff) who were assisted by educational and statistical consultants to organize the material into a course.
- The LLQP curriculum covers:
  - insurance industry overview
  - individual life insurance products
  - individual disability and accident and sickness products
  - group insurance products
  - investment products
    - other than insurance
    - individual variable insurance contracts (segregated funds)
  - underwriting, policy issuance and claims
  - taxation

- retirement
- consumer needs analysis and risk management
- common and contract law and statutes
- professional standards

- The LLQP is being offered optionally to allow agents to receive the benefit of the program while the industry gains some experience with the courses and examination. Each jurisdiction will make its own decisions about replacing the existing standard with the LLQP. In some jurisdictions, the government will need to consider changes to regulations.
- The LLQP would enable all agents in Canada to meet the same proficiency standards and have the same form of licence. This will facilitate doing business across Canada and agents moving between provinces. Moreover, consumers will receive the same standard of proficiency and protection, regardless of where they live.
- Transition options will come into effect when the LLQP is mandated. These include a four year transition period when a restricted licence will be offered along with the full LLQP licence. The restricted licence will be granted upon completion of a designated portion of the course work and associated examination and an agreement to abide by certain conditions. This option is available to assist the industry to adjust from the current system to the LLQP.

For further information you may refer to the Financial Services Commission of Ontario (FSCO) web site at [www.fSCO.gov.on.ca](http://www.fSCO.gov.on.ca) or the Canadian Council of Insurance Regulators web site at [www.cCIR-CCrRA.org](http://www.cCIR-CCrRA.org).

## Continuing Education Requirements

**T**he first continuing education reporting period for Life and/or Accident & Sickness licensees commenced January 1, 2001.

Licensees are required to attain a total of thirty continuing education hours every two years.

The credit hours must be earned within the two year reporting period. Licensees are reminded that there is no carry-over provision.

As of May 1, 2002, sixty-three licenses have been suspended for failing to comply with the continuing education requirements. Specifics are:

	Resident	Non-Res
Accident & Sickness	1	2
Life including A & S	50	10

Twenty-three of the sixty-three suspended later complied with the requirement and their licence was reinstated.

Council will continue to conduct regular continuing education audits to monitor compliance.

## Segregated Funds

All Level I Life licenses issued after January 1, 1999, are prohibited from acting as an agent in the sale of segregated funds unless the licensee has passed an investment funds course approved by Council.

The approved courses include:

- Canadian Association of Insurance and Financial Advisors - New seg fund course only
- Canadian Bankers Investments Funds Course
- Canadian Investments Funds Course offered by the Investment Funds Institute of Canada
- Canadian Securities Course offered by the Canadian Securities Institute
- The Great-West Life Assurance Company seg fund course
- London Life Insurance Company seg fund course

- Primerica Life Insurance Company of Canada seg fund course (restricted to Primerica seg funds only)

Council intends to contact insurance companies in the near future to confirm if business has been received from a Level I licensee who is not qualified to sell seg funds.

A complete list of licensees who are authorized to sell segregated funds can be obtained by visiting the Council web site.

## Approved Continuing Education Course Providers

A list of approved course providers is available upon request from the Council office or by visiting the Council web site.

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## All Classes Licensees

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## Errors & Omissions Insurance

The General Insurance Council of Saskatchewan has provided notice to All Classes licensees regarding an increase in the E & O limit. The minimum coverage will increase to \$500,000 with a minimum aggregate limit of \$1M effective January 1, 2003.

Licensees have been asked to file a copy of their E & O certificate with the Council office.

Although the requirement becomes effective January 1, 2003, Council expects that licensees can provide evidence of insurance prior to that date.

Council is considering a further increase in the E & O limit from \$500,000 to \$1M effective January 1, 2004.

Licensees may wish to confirm that their E & O policy will respond to the business of hail insurance.

If you have comments regarding this matter they should be forwarded in writing to the Council office.

## Licence Qualification Levels

Council is considering a change to the current licence levels to harmonize with the majority of other jurisdictions in Canada. This will facilitate doing business across Canada and the movement of licensees between provinces.

The harmonized structure is based on a general consensus that Level 1 should be the entry level, Level 2 should be for fully practicing agents/brokers and Level 3 should be for management.

A harmonized level licence model for Saskatchewan would result in three levels of licence rather than the current four levels.

### The existing licence levels are:

- Level 1 Fundamentals of Insurance
- Level 2 CAIB 1; or 4 Insurance Institute courses; or equivalent
- Level 3 Level 2 *plus* CAIB 2 and 3; or CIP/AIIC designation; or equivalent
- Level 4 Level 3 *plus* CAIB 4; or FCIP/FIIC; or CIP/AIIC plus Course 931; or equivalent

### The harmonized licence levels would be:

- Level 1 Fundamentals of Insurance; or CAIB 1; or 4 Insurance Institute Courses; or equivalent
- Level 2 Level 1 *plus* CAIB 2 and 3; or CIP/AIIC designation; or equivalent
- Level 3 Level 2 *plus* CAIB 4; or FCIP/FIIC; or CIP/AIIC plus Course 931; or equivalent

If this model is accepted the following changes would occur with respect to the existing licence levels:

Existing Level 1	Remains Level 1
Existing Level 2	Remains Level 2
Existing Level 3	Becomes Level 2
Existing Level 4	Becomes Level 3

One significant change resulting from the proposed structure is under the current rules a Level 1 licensee cannot sign applications, however, under the harmonized structure a Level 1 would be permitted to sign applications but must work under the supervision of a fully qualified agent. This situation would apply to new and existing Level 1 licensees only.

Council would appreciate receiving your comments about the harmonization proposal.

## Approved Course Providers

A list of approved course providers is available upon request. Please contact the Council office to obtain this list or visit the Council web site at [www.insurancecouncils.sk.ca](http://www.insurancecouncils.sk.ca)

## Court of Queen's Bench Probation Order Regarding Ian Stuart-Smith

Ian Stuart-Smith owner/director of Heritage International Inc. of New Market ON appeared at Saskatoon Court of Queen's Bench on June 13, 2002.

*Excerpt from Probation Order, Court of Queen's Bench Saskatchewan*

"That Ian Stuart-Smith was convicted upon the charge(s) that between the 20<sup>th</sup> day of June, A.D. 1998 and the 21<sup>st</sup> day of June, A.D. 1999, both dates inclusive, at the City of Saskatoon and elsewhere in the Province of Saskatchewan, did knowing that a document, to wit, a certificate of insurance was forged cause La Ronge Eagle Point Resort Limited to act upon it as if it were genuine, contrary to Section 368(1)(a) of the Criminal Code.

Mr. Stuart-Smith received a two year suspended sentence and is prohibited from acting or holding himself out as an insurance agent, broker, general agent or wholesale insurance broker unless he holds such valid licence or licenses as may be required in the jurisdiction in which he proposes to transact business. He is further prohibited from holding himself out as acting for any insurance company unless he has specific written authorization from such company to act on their behalf. For greater certainty, the above prohibitions apply to any corporation of which said Ian Stuart-Smith is a directing mind; and

That Ian Stuart-Smith make restitution to Cunningham Lindsey Canada Limited on or before July 15, 2002 by payment to the Local Registrar in the sum of \$770.41 in trust for Cunningham Lindsey Canada Limited.

That Ian Stuart-Smith forfeit and pay a victim surcharge in the sum of \$100 on or before July 15, 2002."

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## Disciplinary Action

May 1, 2001 – February 28, 2002

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**A licensee using any information in this bulletin to discredit another licensee or any other person will be in violation of the bylaws and called to account for their actions.**

### Disciplinary Hearings

**Darcy Lee Bergen** representing NN Life Insurance Company of Canada had his Life including Accident & Sickness licence cancelled June 11, 2001, due to a demonstrated unsuitability to act as an insurance agent.

**Wayne Theodore Jansen** representing the Industrial-Alliance Pacific Life Insurance Company had his Life including Accident & Sickness licence cancelled effective November 28, 2001.

Mr. Jansen was found to have failed to carry on business in utmost good faith and by doing so breached his fiduciary duty to his client. He was also found to have not acted in the interests of the policyholders and to having made false and/or misleading statements or representations in the course of selling or servicing insurance.

**Barry John Sadowick** representing Toronto Mutual Life Insurance Company had his Life including Accident & Sickness licence suspended May 25, 2001, when he failed to respond to demands from Council for additional information. He was provided six months in which to reconsider his refusal to provide information after which his licence would be cancelled if he failed to provide the information.

Mr. Sadowick did not respond to Council demands and as a consequence his licence, which was suspended, was cancelled November 26, 2001.

**Jon-Paul Michael Suwala** representing Clarica Life Insurance Company had his Life including Accident & Sickness licence cancelled on September 18, 2001 for a period of twenty years.

Mr. Suwala was found to have demonstrated an incompetence or untrustworthiness to act as an insurance agent due to his dealings with a securities client.

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## General Insurance Council

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### IBAS Appointments

#### Chairman

J. Drew Byers, AIIC

Tel: (306) 652-3116

#### Vice Chairman

Dwight Dunn, CAIB, CCIB

Tel: (306) 698-2513

Randy Buschmann, CAIB, CCIB

Tel: (306) 682-2656

Barb Ricard, CAIB

Tel: (306) 463-2628

### Superintendent Appointments

Dave Prociuk, AIIC

Tel: (306) 651-4424

Darcia Schirr

Tel: (306) 569-5404

Terri Uhrich

Tel: (306) 347-6643

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## Hail Insurance Council

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### Superintendent Appointments

#### Chairman

Leon Cornet Tel: (306) 648-3456  
Dwayne Mitchell Tel: (306) 446-1326  
Walter Weir Tel: (306) 586-9750

### CCHA Appointments

#### Vice Chairman

Dennis Reidy Tel: (306) 694-5959  
Murray Bantle Tel: (306) 242-1415  
Nick Gayton Tel: (306) 790-5832

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## Life Insurance Council

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### CAIFA Appointments

#### Chairman

Bob Sutton, CFP, CLU, CH.F.C., RFP Tel: (306) 934-5540  
Gil Ennis, CFP, CLU, CH.F.C. Tel: (306) 789-3744  
Dean Owen, CLU, CH.F.C. Tel: (306) 653-2313

### CLHIA Appointments

#### Vice Chairman

Brian Kilback, CFP, CLU, CH.F.C. Tel: (306) 757-8631  
Paul Jones Tel: (306) 751-6331  
Richard Tomalty, CFP, CLU, CH.F.C. Tel: (306) 934-7060

### Superintendent Appointments

Tracey Bakkeli Tel: (306) 546-2871  
Beverly DeJong Tel: (306) 729-4330  
Sheila Hart Tel: (306) 586-8989

#### ORGANIZATIONS AND ASSOCIATIONS

CCHA	Canadian Crop Hail Association
CLHIA	Canadian Life & Health Insurance Association
IBAS	Insurance Brokers' Association of Saskatchewan
CAIFA	Canadian Association of Insurance and Financial Advisors

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## Staff

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**Ernie Gaschler**

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**Penny Barlow**

**Licensing Officer/  
Compliance Assistant**  
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**Annette Graff**

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**Diane Lindsay**

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**Cindy Swales**

**Licensing Officer**  
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**John Waugh**

**Director of Compliance**  
[john.waugh@ibas.sk.ca](mailto:john.waugh@ibas.sk.ca)

**Licensing  
Complaints  
Fax**

**(306) 347-0862  
(306) 352-7870  
(306) 569-3018**

**Insurance Councils of Saskatchewan  
310 - 2631 – 28<sup>th</sup> Avenue  
Regina SK S4S 6X3**

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## Insurance Brokers' Association of SK

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### Examinations and Study Material

**Ingrid Stroeder**

**Exam Co-ordinator**  
[ingried.stroeder@ibas.sk.ca](mailto:ingried.stroeder@ibas.sk.ca)

**Exam scheduling  
Fax**

**(306) 525-5900  
(306) 569-3018**



## **BYLAW AMENDMENTS**

**May 1, 2001 - May 1, 2002**

It is the licensee's responsibility to ensure full compliance of the bylaws. To follow is a list of sections that have either been amended or deleted.

The current version of the bylaws can be obtained from the Council office upon request or by visiting the Council web site.

### **ADJUSTER'S BYLAWS**

- Section 1. Item (4) amended
- Section 9. Deleted
- Section 13. Amended
- Section 20. Item (4) amended

### **GENERAL COUNCIL BYLAWS**

- Section 1.2 Amended
- Section 4.1 Amended
- Section 4.2 Amended
- Section 4.3 Amended
- Section 8. Deleted
- Section 9. Items (1), (2) and (3) amended
- Section 9.1 Items (1), (2) and (3) amended
- Section 16. Item (5) amended
- Section 22. Amended
- Section 29. Item (4) amended

### **HAIL COUNCIL BYLAWS**

- Section 4.1 Items (1) and (2) amended
- Section 15. Item (4) amended

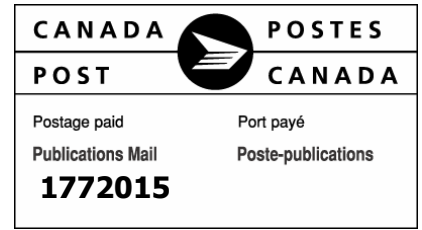
### **LIFE COUNCIL BYLAWS**

- Section 1. Item (1) amended
- Section 2. Item (1) amended
- Section 9. Items (1), (2) and (3) amended
- Section 15. Item (6) (a) amended
- Section 15. Items (6) (a) amended, (b) deleted and (c) amended
- Section 16. Amended
- Section 23. Item (4) amended



**RETURN TO**

**Insurance Councils of Saskatchewan  
310 – 2631 – 28<sup>th</sup> Avenue  
Regina SK S4S 6X3**



**ADDRESS CORRECTION REQUESTED**