

It's Now Easier for Canadian Insurance Intermediaries to Become Licensed in Non-Resident Jurisdictions

(Toronto) – June 14, 2006 – As of July 4, 2006, a more streamlined system will be introduced for insurance agents and brokers across Canada applying to become licensed in a non-resident jurisdiction.

Having conducted extensive industry consultation and received very positive reactions, Canadian insurance licensing authorities have agreed to a Reliance Model for Reciprocal licensing where regulators in other jurisdictions rely on the requirements of an agent's or broker's home jurisdiction, with the option to request that an agent or broker meet further requirements specific to the new jurisdiction.

“The Reliance Model for Reciprocal Licensing provides increased ease for insurance agents and brokers wanting to be licensed in multiple jurisdictions” said Michael Grist, Chair of the Canadian Council of Insurance Regulators, and Deputy Superintendent of Insurance of the British Columbia Financial Institutions Commission. Lois Broder, Chair of the Canadian Insurance Service Regulatory Association and General Manager of the Insurance Council of Manitoba also added that “Consumers also benefit – they can be assured that agents and brokers have met common licensing standards across Canada.”

A joint committee of the Canadian Council of Insurance Regulators (CCIR) and Canadian Insurance Services Regulatory Organizations (CISRO) worked extensively with the insurance industry in developing the Reliance Model for Reciprocal Licensing. This approach represents another step towards promoting increased harmonization among the provinces and territories in licensing insurance agents and brokers.

CCIR is an inter-jurisdictional association of regulators of insurance. Its mandate is to facilitate and promote an effective regulatory system in Canada to serve the public interest.

CISRO is an inter-jurisdictional association of regulators of insurance intermediaries across Canada.

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BACKGROUND

Canadian insurance regulators have adopted the Reliance Model for Reciprocal Licensing for insurance intermediaries seeking to become licensed in non-resident jurisdictions. The model harmonizes application forms, continuing education standards, and errors and omissions insurance requirements for agents and brokers. Jurisdictions are not required to introduce any additional licensing requirements where they do not currently exist.

Application Forms

Life and general insurance agents can use harmonized application forms to register as non-resident agents and brokers in other jurisdictions. These application forms have been in use in all provinces since fall 2005 and are available on the CCIR website at www.ccir-ccrra.org. Ontario and Prince Edward Island are also currently accepting applications from applicants applying to become agents or brokers in their home province. The Yukon, Northwest Territories and Nunavut require a regulation change in order to accept these applications.

Continuing Education

Currently, six Canadian jurisdictions require their agents and brokers to secure continuing education credits. Under the agreement, Alberta, Saskatchewan, Ontario and the Chamber that administers CE for general agents and brokers in Quebec have agreed to not impose any further CE requirements on a non-resident agent or broker who has met CE requirements in their home Canadian jurisdiction as long as that jurisdiction requires CE. British Columbia, Manitoba and the Chamber that administers CE for life insurance agents in Quebec intend to provide equivalency for CE credits taken in another jurisdiction. However, agents and brokers will be required to make up any difference in the number of hours between their home jurisdiction and the host jurisdiction to maintain a licence in British Columbia or Manitoba or a life agent licence in Quebec.

This approach will make it easier for agents or brokers to comply with continuing education requirements in other jurisdictions in which they are licensed as non-residents.

Errors and Omissions Insurance

Regulatory authorities in Ontario (applicable to life agents), Quebec and Newfoundland and Labrador currently limit the maximum deductible on agent/broker errors and omissions (E&O) insurance. Ontario and Newfoundland and Labrador authorities have agreed to accept E&O insurance policies where the first dollar of any claim paid directly by the insurer to the claimant is to be equivalent to a zero deductible. Quebec has a maximum deductible of \$25,000 for companies with more than three employees. This already permits significant underwriting flexibility.