



Insight

The Voice of the Alberta Insurance Council

ON-LINE Renewals

The AIC is implementing a mandatory on-line renewal system which will begin with the Life and Accident and Sickness Agent renewals in December of 2008. The General Agent and Insurance Adjusters will commence with their renewals in 2009. Your certificate(s) may be renewed on-line at the AIC website www.abcouncil.ab.ca. However, to use this service you must have a User ID and Password. The AIC has previously provided all certificate holders with a temporary Password. However, if you have lost that information and have not completed your profile you must do so before proceeding to complete your renewals. If you did not complete your profile you must contact the AIC to obtain a new password. If you previously completed your profile, including the security question, and have lost or forgotten your password a new one can be obtained off the web site.

Payments for renewals can be made on-line using either Visa or Master Card. Certificates issued on-line will be sent to the agent immediately by email. Printed copies of the certificate may also be requested at the time the renewal is completed. Once your certificate(s) has been issued you may retrieve a copy of that certificate(s) under your login at any time through the year.

The AIC is positioned to accommodate bulk payments in cases where the agencies, adjusting firms or insurers wish to make the payment for their agents' or adjusters' certificates. Agencies, Adjusting Firms or Insurers wishing to use this service should contact one of the AIC offices for further information.

The requirement for completing and confirming that the appropriate continuing education credits have been earned will be tied to the renewal process in that an agent or adjuster will not be permitted to renew his or her certificate unless sufficient CE credits have been entered online. As a result, all agents and adjusters

would be well-served to enter their continuing education credits on the web site prior to the adoption of mandatory online renewal.

During the course of conducting Continuing Education audits we have noted that many Agents and Adjusters are depending on the use of carry forward from one year to the next to satisfy the requirements. In those cases it would be necessary to enter all continuing education credits earned since inception of the requirement on February 16, 2002. Agents and Adjusters must maintain a record and original copies of Continuing Education certificates as you may be audited for compliance in the future. We trust that you will find the service useful in meeting your compliance requirements.

ELECTION OF APPEAL BOARD MEMBERS

In the month of April, a "Call for Nominations" was sent to all certificate holders informing you that there were a number of vacant positions that needed to be filled on the Appeal Board through the election process. Nominations had to be received by the AIC prior to closing on May 30, 2008.

As a result of the nominations received by the AIC, ballots will be sent to General Insurance and Life Insurance certificate holders to elect their representative (s) to the Appeal Board.

When you receive your ballot, read the instructions carefully, vote for the person(s) of your choice, and return the ballot in the envelop provided. This is your opportunity to elect your representative to the Appeal Board.



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CURRICULUM DESIGN DOCUMENTS

Request for Stakeholder Comments

Throughout 2007 the General Insurance Council (“GIC”), together with the Insurance Adjuster’s Council (“IAC”) have worked to update the examinations required to enter the industry as a licensed agent/broker or insurance adjuster and the examinations required to advance from a Level 1 to a Level 2 agent/broker. This review was based on the Skills Profile which has been adopted by regulators in Canada and has resulted in the development of a detailed Skills Profile and Curriculum Design Document.

It is the intent of the GIC and the IAC to develop examinations which test the measurable objectives identified in the Designed Document. The Councils believe this will assist students in identifying areas of strength and areas needing further development in their own skill set.

In conjunction with new examinations the GIC proposes to request an amendment to the Insurance Agents and Adjusters Regulation to allow for a 3 level certification structure. Under the proposed structure a Level 1 agent would operate Under Supervision., a Level 2 would be an Unrestricted certificate holder and a Level 3 would be a Management/Designated Representative level. The GIC also proposes to eliminate the mandatory advancement from Level 1 to Level 2.

Both Curriculum Design Documents have been posted on the AIC Website. The Adjuster Curriculum Design document has been posted in two parts. Part one contains the entry level standard. The full document contains the Skill Sets for all three levels of licensing. The IAC conducts only entry level examinations. Advancement to Levels 2 and 3 are achieved through experience and successful completion of courses identified in regulation which are offered by the Insurance Institute of Canada. The IAC is not proposing a change to this structure

The GIC and IAC believe this will make it easier for individuals to enter and to remain active in the industry while continuing to maintain a high standard of education and proficiency. The Councils also believe this

will enhance interjurisdictional harmonization and facilitate non-resident licensing for those agents, brokers and adjusters who wish to be licensed in other provinces.

The Curriculum Design Documents are available on the AIC website at www.abcouncil.ab.ca.

The Councils are requesting that you review the document and provide us with your comments no later than June 30, 2008. The GIC is also seeking comment regarding the acceptance of equivalencies to the examinations approved and administered by the Council.

The Councils appreciate your assistance in updating and enhancing educational standards for those individuals seeking a career in the General insurance industry in Alberta.

Please submit your comments to:

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Alberta Insurance Council
901, 10088—102 Avenue
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Collision repairs on high tech components

Quoted from IMPACT! A newsletter for Alberta motor industry's licensed businesses and registered salespeople.

Manufacturers are incorporating new materials as structural components in their vehicles and this is causing some issues in the collision industry related to manufacturer specific repair procedures. AMVIC, Alberta Apprenticeship and Alberta Transportation have become aware that some businesses are representing themselves to consumers as being able to do repairs for which they do not have the necessary equipment, tools or expertise. For example, many car manufacturers are using boron steel. It is an ultra high strength steel and is so hard that the “jaws of life” used by fire departments cannot cut through it! Conventional repair methods will not properly fix a vehicle with boron steel components after an accident.

Consumers need to be aware if their car is in a collision and has boron steel, aluminum, magnesium/aluminum composi-



tions or carbon fibre, they must verify that the repair facility is properly equipped and trained. For example, boron cannot be pulled, heated, straightened or repaired in the same way as traditional steel. Once damaged, it must be replaced. Replacing damaged boron steel components requires high compression and heat using a squeeze type resistance spot welder. Long established welding methods do not work with boron steel.

AMVIC cautions both consumers and businesses that damaged vehicles with these new materials require specific equipment and repair techniques to repair it properly. It is requesting the assistance of new vehicle sellers to make their customers aware of the requirements of these types of vehicles. In an effort to protect consumers, some manufacturers have gone to the extent of controlling who can purchase replacement parts. These manufacturers only sell to designated properly trained and equipped repair facilities.

AMVIC is educating insurance companies to recognize that if they are directing a customer to a particular auto body shop, they should verify the shop is capable to perform the required repair. Both consumers and insurance companies need to realize that vehicles with these high tech metals are more expensive to repair. If a repair facility does not have the equipment and training to do the repair, they should indicate to the customer and the insurance company that they cannot fix the vehicle. AMVIC reminds its licensees that it is an offence under the Fair Trading Act to “make any representation to a consumer that the business has the ability to install equipment or to perform a particular repair or service unless the business has the equipment, tools and expertise necessary to complete the installation, repair or service.”

RECENT DISCIPLINARY ACTIONS

In the Matter of the Life Insurance Council (“LIC”) and Agent “A”

Agent A was the Designated Representative of an Agency that was the subject of an investigation regarding unlicensed agent activity. In the course of the investigation an AIC investigator sent a Demand for Information to the Agent pursuant to s. 481 of the *Insurance Act*. The Demand required that the Agent provide certain information to the AIC within a particular period of time. The Agent did not respond.

The LIC found that in not responding to the Demand for Information as required he contravened a section of the Act as contemplated in s. 480(1)(b). In considering the appropriate sanction the LIC was of the view that the requirement to re-

spond to requests for information was a fundamental obligation of insurance agents and that ignoring such requests undermines the AIC’s ability to ensure that the Act and Regulations are complied with. Given this, the LIC levied the maximum civil penalty of \$1,000.00.

In the Matter of the Life Insurance Council (“LIC”) and Agent “S”

This case involved allegations pursuant to s. 467 of the Act. Specifically, it was alleged that the Agent failed to disclose another business or occupation on applications to renew his certificate of authority over a number of years. In so doing it was alleged that he contravened a section of the Act pursuant to s. 480(1)(b).

The evidence indicated that the Agent had acted as a Marriage Commissioner over a number of years and in some of these years performed as many as 59 weddings earning income in excess of \$11,000.00. It was further proven that he also acted as an income tax preparer. In the LIC’s view, the Agent’s activity as a Marriage Commissioner constituted another business or occupation that should have been disclosed on his applications. Further, in one of the years in question the Agent did not disclose his tax preparation business activities. As such, they concluded that he contravened the section of the Act that required an agent to provide the information requested on the renewal applications in 4 years. In regard to the two latter years in question the LIC levied a civil penalty of \$250.00 for each year of non-disclosure. As to the first two years the LIC could levy no civil penalty as the three year limitation on civil penalties had passed. The LIC did not consider it appropriate to order any license suspension or revocation. As such, they levied a total of \$500.00 in civil penalties.

In the Matter of the Life Insurance Council (“LIC”) and Agent “T”

This case involved allegations pursuant to ss. 480(1)(a) and 502(2) of the Act. Specifically, it was alleged that the Agent misappropriated funds totaling \$493,000.00 from five different clients. In so doing it was alleged that he acted in a deceitful, dishonest or untrustworthy manner as contemplated in s. 480(1)(a) of the Act. Further, it was alleged that the Agent accepted payment of a premium for a life insurance policy in the form of a cheque made payable to the Agent’s insurance business. As a result, it was alleged that the Agent contravened s. 502(2) of the Act and was guilty of an offence.

In the LIC’s view the evidence in the Report clearly proved that the Agent misappropriated funds from the five clients as



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alleged. In all of the cases the clients provided money to the Agent on the understanding that their funds were being directed to legitimate financial products. This was not the case. As such, the LIC concluded that the Agent was deceitful, dishonest and untrustworthy as contemplated by s. 480(1)(a) of the Act and that in acting in this manner he committed five offences under this section. In regard to this finding the LIC levied five civil penalties. Two of the civil penalties were \$2,500.00 each (the maximum allowable at the time the offences were committed) and three were \$5000.00 each (the amended maximum civil penalty for offences taking place after April of 2006). As the Agent no longer held a certificate of authority the LIC had no ability to suspend or revoke the Agent's certificate of authority.

In the Matter of the General Insurance Council ("GIC") and Agent "C"

The AIC undertook an investigation of the Agent's completion of continuing education and whether or not the Agent made a misrepresentation or acted in a dishonest or untrustworthy manner in attesting to the fact that she had completed the required number of continuing education credits when she did not, in fact, complete them. The investigator determined that on or about October 10, 2006 the Agent completed her renewal application and checked the box indicating that she had completed her 15 hours of CE. The investigator determined that the Agent had not actually completed any CE courses between November 1, 2005 and October 31, 2006 and only had 3.5 hours carried forward from the previous year.

The investigator and the Agent entered into an Agreed Statement of Fact and Joint Submission in which the Agent agreed that she contravened s. 480(1)(a) of the Act and further agreed to pay a civil penalty in the amount of \$500.00 and waived any right to appeal if the Agreement was accepted. The GIC accepted the Agreed Statement of Fact and Joint Submission.

In the Matter of the Insurance Adjusters' Council ("IAC") and Adjuster "B"

The AIC undertook an investigation of the Adjuster's completion of continuing education and whether or not the Adjuster made a misrepresentation or acted in a dishonest or untrustworthy manner in attesting to the fact that he had completed the required number of continuing education credits when he did not, in fact, complete them. The investigator determined that on or about June 3, 2005 the Adjuster completed his renewal application and checked the box indicating that he had completed his required number of CE hours. The investigator determined that the Adjuster had not actually completed any CE courses between June 1, 2004 and May 31, 2005.

The investigator and the Agent entered into an Agreed Statement of Fact and Joint Submission in which the Agent agreed that he contravened s. 480(1)(a) of the Act and further agreed to pay a civil penalty in the amount of \$500.00 and waived any right to appeal if the Agreement was accepted. The IAC accepted the Agreed Statement of Fact and Joint Submission.



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