



# CADRI

CANADIAN ASSOCIATION  
OF DIRECT RELATIONSHIP  
INSURERS

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Insurance Council of BC  
1400-745 Thurlow Street  
Vancouver, BC, V6E 0C5

[consultation@insurancecouncilofbc.com](mailto:consultation@insurancecouncilofbc.com)

## **Re: Consultation on Rules Amendments**

### **Introduction**

The Canadian Association of Direct Relationship Insurers (CADRI) is the voice of insurance enterprises that offer automobile, home, and commercial insurance directly to Canadians. Our members are national companies with employee agents working from coast to coast. These insurance companies have robust training and compliance systems which ensure that customers are protected, rules are followed, and reputations remain intact.

We are pleased to comment on the proposed amendments to the rules cited in this consultation.

We appreciated the Insurance Council of BC's (the Council's) recent amendments to Rule 6(1)(b) which now allow Level 1 Salespersons to work remotely on a permanent basis. The proposed deletion of the word "direct" from Rule 6(1)(c) and 6(2)(b) in this process, is in keeping with the new policy.

### **Increasing scope of Level 1 responsibilities**

In general, CADRI members welcome the modernization of the rules as proposed. What is missing from the proposal are changes which would increase the decision-making ability of Level 1 agents. It is time to reconsider the scope of activities that Level 1s can perform. We submit that they be allowed to bind both auto and home policies.

CADRI's members screen their agents before they are hired, and they complete up to three months of formal facilitated training. While on the job, they receive ongoing coaching and skills upgrading; must demonstrate self-sufficiency and develop a strong record for underwriting and productivity.

Supervision has many safeguards. Agents have full access to all the insurers' systems and data, and daily transactions are secure. Employees have direct access to supervisors, colleagues and IT allowing them to serve customers' interests efficiently and effectively and meet all regulatory requirements.

Under the current circumstances, CADRI members are discouraged from hiring these entry-level employees who are given such limited scope. Thus, the pool of people to promote to Level 2 and 3 supervisory positions becomes smaller – setting in motion challenges to workplace growth and vitality. Increasing the responsibilities of Level 1 salespeople, and, therefore the number insurers would have to draw upon, will enhance the customer service insurers will be able to provide to the people of British Columbia.

### **Qualifications for Level 3 agents**

Another area our members encourage the Council to review is the qualifications for Level 3 general insurance agents. Under Rule 2(5) the necessity to have been licensed for five of the seven previous years, with at least three of those years as a Level 2 agent, is proving challenging. Other jurisdictions such as Alberta and Ontario have approaches worth examining.

### **Proposed rules**

Turning to the proposed amendments to the rules, we explore only those amendments for which we can suggest improvements.

#### Licence reinstatement – Rule 2(19)

We appreciate the re-naming of this provision to better reflect its purpose and to align it with the term used in the *Financial Institutions Act*. We also support that a former licensee can re-activate their licence without having to repeat their educational prerequisites. This is a positive and helpful update for BC licensees.

Our members suggest the current wording of Rule 2(19) is somewhat complex and could be confusing for licensees to understand whether they meet the criteria. For instance, the rule states that a former licensee, whose licence has been cancelled within the last two years, can apply to reinstate that licence without repeating educational prerequisites if they meet certain criteria. If the former licensee is applying for licence reinstatement within one year of cancellation, they must have held that licence for one year prior to the cancellation and been actively conducting insurance business during that time. If a former licensee is applying for licence reinstatement within two years of cancellation, they must have held that licence for the preceding two years and been actively conducting insurance business, or held that licence for five of the seven years prior to licence cancellation. Simplifying the criteria wording to state that a former licensee can reapply for reinstatement “within two years of the date the applicant ceased to be licensed” makes the rule less complex and easier to understand. It would also align with practices in Alberta, Saskatchewan and Ontario.

In addition, it is not completely clear whether there are other pre-conditions for re-instatement or approval that are not referenced within this proposed updated Rule. The current Rule refers to requirements including “any other provisions of the Act and Council Rules”. If there are any other pre-conditions for re-instatement it would be useful for the Council to make it completely transparent and easy for applicants to understand by outlining them in the amendment as well.

Licence Renewal – Creation of Rule 4(4)(b.1) and Amendment of Rule 4(4)(c)

These changes seek to clarify licensees' obligations for reporting continuing education credits and errors and omissions (E & O) coverage annually. Our members have focused on how this information will be transmitted to the Council.

We submit that the Council consider the user experience when implementing this change. A simple and easy to use form should be provided to log continuing education courses. Documentation should only be required should there be a question about the course.

In addition, the requirements for E & O coverage as set out, may be more applicable to agents who are independent contractors as opposed to the vast majority of CADRI members' agents who are employees.

**Conclusion**

We compliment the Council in its transparency around its rules modernization process. While the consultations have stretched over a couple of years, the Council has provided frequent and adequate opportunity for dialogue on the practicality of its proposed changes.

We are interested in discussing what conditions need to be put in place to allow Level 1 salespeople to increase their scope of responsibilities to bind auto and home insurance, as well as the qualifications for Level 3s.

We are available to elaborate on this and other comments on the proposed Rules amendments.

Yours sincerely,



Geoffrey Beechey  
Chair & CEO  
CADRI

cc:  
CADRI Board of Directors  
CADRI Licensing Task Force  
CADRI Western Committee

Brett Thibault, Director, Stakeholder Relations, Insurance Council of BC  
Kandace Hopkins, Director, Practice and Quality Assurance, Insurance Council of BC  
Anita Mlinar, Manager, Policy, Practice and Quality Assurance, Insurance Council of BC