

# **Insurance Council**

**BRITISH COLUMBIA**

## **Guidelines for Supervision of General Insurance Level 1 Salespersons**

V.1.1

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## DEFINITIONS

**Insurance agency (“agency”):** A licensed corporation or partnership, or an individual sole proprietor agent, that meets the nominee requirements set out in Council Rules.

**Insurance agent (“agent”):** A person, other than an insurance company or an extraprovincial insurance corporation, who solicits, obtains or takes an application for insurance, or negotiates for or procures insurance, or signs or delivers a policy, or collects or receives a premium.

**Insurance Council Code of Conduct (“Code of Conduct”):** This document establishes standards of conduct for the business of insurance to be followed by licensees. Council Rule 7(8) requires all licensees to comply with the Code of Conduct in addition to Council Rules.

**Insurance Council Rules:** A set of rules that sets out licence conditions and requirements for all insurance licensees in BC, in addition to requirements already set out under the provincial *Financial Institutions Act* and other legislation.

**Insurance salesperson (“salesperson”):** An individual who is employed by an insurance agent or by an insurer to solicit, obtain or take an application for general insurance, or to negotiate for or procure general insurance, or to collect or receive a premium for general insurance.

**Nominee:** A licensee nominated to exercise the rights and privileges of an insurance licence issued to an insurance agency or an insurance adjusting firm.

**Person:** Includes a corporation, partnership, society, association or other organization or legal entity.

## 1.0 INTRODUCTION

Licenseses have previously expressed the need for more clarity on determining and demonstrating appropriate supervision of salespersons. To support nominees<sup>1</sup> in meeting their supervisory responsibilities, the Insurance Council of British Columbia (Insurance Council) is introducing new guidelines for supervision of salespersons.

Nominees are responsible for ensuring salespersons receive adequate and appropriate supervision. For the purposes of these guidelines, appropriate supervision is based on the assessment by the nominee and/or delegate<sup>2</sup> of the salesperson's competency to ensure that the oversight provided is consistent with the salesperson's knowledge, training, experience and skillset.

These guidelines come into effect May 11, 2022, and nominees and their delegates are expected to be aware of and comply with the guidance outlined in these guidelines.

## 2.0 PURPOSE

The purpose of these guidelines is to provide a framework for nominees and their delegates in determining an appropriate supervision approach for salespersons, and making decisions on salespersons' duties and responsibilities based on their competence. The guidelines describe the overall expectations and obligations of nominees and/or their delegates in carrying out supervision of salespersons.

The objectives of these guidelines are to:

- Set the expectations for nominees and/or delegates by defining and establishing how appropriate supervision should be determined, evaluated and demonstrated;
- Address expectations for nominees and/or delegates in providing oversight to salespersons working offsite or remotely; and
- Outline appropriate supervision measures to ensure that the oversight provided onsite and/or offsite is adequate and appropriate and that the public's interests are protected.

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<sup>1</sup> For the purposes of these guidelines, the guidance is focused on supporting nominees and delegates in meeting their supervisory duties and responsibilities; however, the Insurance Council recognizes the equal responsibility of the agency in ensuring all insurance activities are actively supervised, in accordance with Council Rule 7(14).

<sup>2</sup> Agents with supervisory duties

### **3.0 LICENSEE RESPONSIBILITIES AND EXPECTATIONS**

All Insurance Council licensees must be aware of and comply with the Insurance Council Rules, Code of Conduct, the *Insurance Act*, and the *Financial Institutions Act* in accordance with Section 13.2 of the Code of Conduct.

#### **3.1 Nominee's responsibilities**

In accordance with Council Rule 7(6), the nominee is responsible to the Insurance Council for all activities of the agency. Section 5.3.3 of the Code of Conduct states that nominees must ensure the agency and its employees are properly supervised and conduct insurance activities within the conditions and restrictions on their licences. Under Council Rule 7(14), nominees and agencies are ultimately responsible for ensuring all insurance activities are actively supervised by a level 3 agent.

The expectations of nominees include, but are not limited to:

- Determining an appropriate supervision approach for salespersons by assessing and regularly reviewing salespersons' competence to ensure supervision provided is adequate and appropriate;
- Determining whether salespersons have the knowledge, training, experience and skillsets necessary to carry out insurance activities competently, and only assign duties that are within the scope of the salesperson's competence;
- Ensuring salespersons abide by their licence restrictions and conditions;
- Ensuring salespersons receive ongoing training, as required (for example, salespersons must be knowledgeable about the products they sell);
- Taking corrective action in a timely manner to minimize client harm, where competency issues arise; and
- Reporting breaches of the Code of Conduct, Council Rules, the *Financial Institutions Act*, or the *Insurance Act* to the Insurance Council.

##### **3.1.1 Nominee's role when delegating supervisory duties**

Where required, nominees may choose to delegate some or all supervisory duties of salespersons to one or more level 2 or 3 agent(s) who act as delegate(s). While the nominee's supervisory duties may be delegated, as required under Council Rule 7(6), the ultimate responsibility for all activities of an insurance agency remains with the nominee. The nominee must ensure that salespersons are appropriately supervised and be aware of the steps taken to ensure proper supervision at the agency. Delegation of supervisory duties by a nominee does not relinquish the nominee's responsibilities.

Nominees delegating supervisory duties should consider:

- Whether the delegate is qualified and competent to carry out the assigned supervisory duties; and
- Whether their delegate has the capacity to provide adequate and appropriate supervision.

### **3.2 Delegate's responsibilities**

In accordance with Section 5.3.4 of the Code of Conduct, licensees with supervisory duties must fulfill those duties competently. A delegate's competence may be brought into question if salespersons engage in misconduct that was found to have occurred due to inadequate supervision.

The expectations of delegates include, but are not limited to:

- Carrying out their assigned supervisory duties competently by applying the agency's supervision policies and procedures;
- Notifying the nominee and declining the supervision duties immediately if the delegate cannot fulfill their supervisory duties; and
- Reporting any competence and/or conduct issues of salespersons to the nominee in a timely manner to take corrective action.

## **4.0 SUPERVISION REQUIREMENTS**

As required under Council Rule 6(1)(c), salespersons must only conduct insurance business under the supervision of a general insurance agent; and per Section 5.3.3 of the Code of Conduct, nominees are responsible for all insurance activities of the agency, including ensuring the agency and its employees are properly supervised.

### **4.1 Appropriate supervision**

Appropriate supervision is based on the nominee's and/or their delegate's assessment of the salesperson's competency to ensure that the oversight provided is consistent with the salesperson's knowledge, training, experience and skillset.

As each agency's operations and structure vary, the nominee and/or their delegate must determine and demonstrate the appropriateness of their supervision approach for salespersons.

#### **4.2 Onsite and offsite/remote supervision**

Onsite supervision: The nominee and/or their delegate and the salesperson are physically present at the agency's premises. The nominee and/or their delegate observes or monitors the salesperson's actions from time to time and is readily available for questions and guidance in person.

Offsite/remote supervision: The nominee and/or their delegate and the salesperson are not physically present at the same premises. The nominee and/or their delegate supervises the salesperson through phone, instant messaging, video-conferencing or other means of communication that allow supervision to be carried out remotely and is readily available for questions and guidance.

Nominees and/or their delegates may also provide a hybrid of onsite and offsite supervision.

#### **4.3 Determining appropriate supervision**

As a salesperson's competency varies, nominees and/or their delegates are expected to assess the salesperson's knowledge, training, experience and skillset to determine appropriate supervision. Nominees and/or their delegates are expected to regularly review and adjust their supervision approach if necessary. For example, nominees may determine that a period of onsite supervision is beneficial for salespersons to job shadow an agent and ensure that assigned duties are completed properly.

Nominees and/or their delegates are expected to consider the following when determining a salesperson's supervision needs:

##### Experience

- The number of hours the salesperson has worked at an agency
- The number of insurance transactions conducted
- Variety and complexity of the transactions conducted
- Previous relevant insurance industry experience

##### Knowledge

- Training and learning opportunities received
- Relevant continuing education courses completed
- The salesperson's ability to apply their knowledge in their insurance practice

### Individual learning curve

- Every salesperson learns differently and at a different pace
- Skills and abilities vary between salespersons

Even if a salesperson is experienced and has received adequate training, an assessment still needs to be made to evaluate the salesperson's competency.

#### **4.4 Determining remote supervision**

It is at the nominee's and/or delegate's discretion to determine whether salespersons can work remotely. This includes determining whether salespersons working remotely can be supervised effectively. Nominees and/or their delegates should also consider whether salespersons can provide the same quality of client service regardless of whether they work at the agency's premises or offsite. In accordance with Section 7.3.9 of the Code of Conduct, licensees have a duty of care to clients to ensure that clients' interests are prioritized. There should be no impact to client service or potential for client harm if salespersons are working remotely. Section 5.2 of the Code of Conduct further states that a licensee's practice and level of service to clients should be consistent with the usual practice of the business of insurance.

More information can be found in Section 7.0 of these guidelines, Remote Supervision Considerations.

#### **5.0 USING A RISK-BASED APPROACH IN DETERMINING SUPERVISION**

In accordance with Sections 7.1 and 7.2 of the Code of Conduct, licensees are required to protect clients' interests and privacy. The best interests of clients should be the licensee's first concern.

When determining the scope of duties that salespersons may conduct onsite or remotely, nominees and/or delegates are expected to use a risk-based approach and consider the likelihood of client harm if salespersons engage in improper practice. Depending on the complexity of the assigned task, some insurance activities may require greater oversight.

#### **6.0 DEMONSTRATING APPROPRIATE SUPERVISION**

As required under Council Rule 7(14), every general insurance nominee and general insurance agency must ensure that all insurance activities are supervised by a licensed level 3 general insurance agent. Nominees and/or their delegates must demonstrate how they have appropriately supervised



salespersons. If salespersons engage in misconduct that was found to have occurred due to inadequate supervision, including lack of policies, procedures and training, the nominee's and/or their delegate's competence may be brought into question. Further, the nominee is responsible to the Insurance Council for all activities of the insurance agency including ensuring proper supervision under Section 5.3.3 of the Code of Conduct.

Regardless of whether supervision is provided in person or remotely, appropriate supervision indicators for salespersons may include, but are not limited to:

- Availability of nominee or delegate
- Agency supervision policy
- Supervision plan
- Documentation of agency policies and procedures.

It is the nominee's responsibility to determine what additional supervision duties are required to ensure that there are adequate supervision measures in place for salespersons.

#### **6.1 Availability of the nominee or delegate (if applicable)**

The nominee and/or their delegate is expected to:

- Be available regularly to answer questions so salespersons can contact the nominee and/or their delegate directly. Alternative means of communication, such as videoconferencing or email, may be used if adequate and appropriate supervision can take place.
- Provide regular check-ins, coaching and training for salespersons.

#### **6.2 Agency supervision policy**

Nominees and/or their delegates should develop a written agency supervision policy that outlines how they will carry out their supervision duties and responsibilities. Nominees and/or their delegates are best positioned to assess salespersons' competence and determine appropriate supervision based on their agency's specific needs.

A written agency supervision policy should include the following information:

- Description of the nominee's and/or delegate's supervision approach for salespersons and how they determine appropriate supervision, such as:
  - Consideration of a salesperson's experience, knowledge and skillset to determine supervision approach;

- Scope and complexity of duties that can be carried out onsite or offsite using a risk-based approach;
- The frequency and duration of communications (e.g., individual check-ins, team meetings) between the nominee and/or their delegate and salespersons;
- Supervision measures and how it will be carried out onsite and remotely;
- Documentation of any changes in the supervision approach, including the rationale; and
- A contingency plan to prepare for potential nominee or delegate absences.

### **6.3 Supervision plan (optional)**

While an agency supervision policy provides an overall agency supervision plan, nominees and/or their delegates may consider creating template supervision plans that can be modified to a salesperson's specific needs. An individualized supervision plan may be created for any salesperson, but may be particularly beneficial in some circumstances, such as onboarding a new salesperson who may require more frequent oversight.

### **6.4 Documentation of agency policies and procedures**

Per Section 5.3.4 of the Code of Conduct, improper practice by supervised employees may bring a nominee's and/or delegate's competence into question if the conduct occurred due to inadequate supervision, including lack of policies, procedures and training. Nominees and/or their delegates are required to demonstrate that they have clear procedures and policies for salespersons to carry out insurance business properly. Clear and ongoing documentation of agency processes enhances consistency in licensee practice, may be used as training materials, and facilitates proper practice.

## **7.0 REMOTE SUPERVISION CONSIDERATIONS**

Nominees and/or their delegates should consider whether it is operationally feasible for the agency to allow salespersons to work offsite and for nominees and/or their delegates to supervise salespersons remotely. Ultimately, there is no requirement for agencies, nominees and/or their delegates to allow salespersons to work remotely if this arrangement does not fit the agency's business model or impacts the clients' needs.

Nominees and/or their delegates who intend to, or are already adopting remote supervision of salespersons, should consider:

- Technology infrastructure

- Remote work policy.

### **7.1 Technology infrastructure**

Nominees and/or their delegates are urged to assess whether the agency's technology infrastructure allows salespersons who work remotely to carry out insurance business as effectively as they would working on the agency's premises and should assess whether the technology infrastructure supports the types of interactions required for remote supervision.

### **7.2 Remote work policy**

As part of an agency's policies and procedures, nominees and/or their delegates are urged to develop a remote work policy that sets out clear procedures for salespersons working remotely and ensure that salespersons have reviewed the remote work policy.

Examples of what may be addressed in the remote work policy include, but are not limited to:

- Work schedules and vacation coverages;
- Guidelines for remote workspace setup that salespersons can self-assess and determine whether their workspace is appropriate for remote work; and
- Client confidentiality and privacy requirements, as per Council Rule 7(1) and Appendix B of the Code of Conduct.

## **8.0 EVALUATION AND QUALITY ASSURANCE**

Under Council Rule 7(6) and Section 5.3.3 of the Code of Conduct, the nominee is responsible for ensuring all insurance activities of the agency and its employees are properly supervised. This should include regularly evaluating salespersons' competence and reviewing the agency supervision policy and any remote work policies to ensure that the supervision approach is appropriate for the salesperson's competency. Nominees and/or their delegates are expected to:

- Observe or monitor the salesperson's performance, such as direct observation, call monitoring and/or video screensharing;
- Conduct spot checks of the salesperson's work to ensure that the salesperson is complying with agency procedures, conducting insurance activities in a competent manner and within their licence conditions and restrictions;
- Provide ongoing feedback and coaching to salespersons, and identify learning opportunities such as training or professional development;

- Review any practice concerns and rectify in a timely manner to prevent client harm; and
- Document the assessment of the salesperson's progress to inform decisions about the adequacy and appropriateness of the supervision provided to salespersons.

## **9.0 MAINTAINING COMPLIANCE**

Under Section 13.2 of the Code of Conduct, licensees must be aware of and comply with their duties and obligations under the Insurance Council's Rules, Code of Conduct, the *Financial Institutions Act* and the *Insurance Act*. This includes the nominee's responsibility to ensure salespersons receive adequate and appropriate supervision and demonstrate the steps taken to meet Insurance Council's requirements and protection of the public's interests.

Nominees should be prepared to describe and provide documentation of the supervision and privacy measures in place, regardless of whether salespersons work on the agency's premises and/or remotely. Any improper practice by salespersons that occurred due to inadequate supervision, including lack of policies, procedures, and training, could bring the nominee's competence and suitability to be a nominee into question and may result in disciplinary action.

## **10.0 RESOURCES**

- [Insurance Council Rules and Code of Conduct](#)
- [Insurance Council notices](#)
- [Financial Institutions Act](#)
- [Insurance Act](#)
- [Personal Information Protection Act](#)