

INSURANCE COUNCIL OF BRITISH COLUMBIA
("Council")

LEVEL 1 SALESPERSON LICENCE RESTRICTIONS
GUIDANCE FOR AGENCIES AND NOMINEES

In July 2013, Council published Notice ICN 13-001 *Level 1 General Insurance Salespersons Restricted or Prohibited Activities* which reminded general insurance agencies and nominees of the licence restrictions that apply to all Level 1 general insurance salespersons ("Level 1 Salespersons").

As Council continues to identify situations where Level 1 Salespersons are acting contrary to these licence restrictions, Council is providing additional guidance to assist agencies and nominees in ensuring their Level 1 Salespersons are acting appropriately.

The licence restrictions that apply to all Level 1 Salespersons are:

1. A Level 1 Salesperson must not sign contracts of insurance on behalf of an insurer.
2. A Level 1 Salesperson must not carry on general insurance business in any place other than the premises of the insurance agency he or she is authorized to represent, except where he or she has three consecutive months of automobile insurance experience, at which time he or she may conduct automobile insurance business on the premises of an automobile wholesaler, dealer or auction, or a car rental business.
3. A Level 1 Salesperson must only conduct general insurance business under the direct supervision of a general insurance agent.

LEVEL 1 SALESPERSON LICENCE RESTRICTION – PROHIBITED FROM SIGNING CONTRACTS OF INSURANCE

A Level 1 Salesperson is not permitted, under any circumstance, to sign a policy, certificate of insurance (including a binder), interim receipt for insurance, renewal receipt for insurance, or any document that serves as written evidence of a contract of insurance. (*Note: This restriction does not apply to an Insurance Corporation of British Columbia insurance document.*)

NOTICE

Use of a Signature Stamp

It is the practice of some insurance agencies to affix a signature stamp on a document (either electronically or manually) to validate an insurance contract, or the existence of one. In some cases, insurance agencies permit Level 1 Salespersons to use a signature stamp of a Level 2 general insurance agent (“Level 2 agent”) or Level 3 general insurance agent (“Level 3 agent”) when carrying out this process.

Although Council does not believe this practice meets the spirit and intent of the licence restriction that prohibits a Level 1 Salesperson from signing contracts of insurance, Council accepts that the use of a signature stamp of a Level 2 or Level 3 agent by a Level 1 Salesperson may not, by strict interpretation, be a breach of this restriction.

If an agency/nominee allows a Level 1 Salesperson to use a signature stamp for the purpose of evidencing a contract of insurance, they must keep in mind the licence restriction that requires the Level 1 Salesperson to only conduct general insurance business under the direct supervision of a general insurance agent. It would not be appropriate for a Level 1 Salesperson to affix a signature stamp to a document to validate an insurance contract or the existence of one, unless this activity is being directly supervised.

Responsibility for establishing proper procedures and sufficient supervision rests with an agency and its nominee. Where an agency/nominee allows a Level 1 Salesperson to use a signature stamp, there is a duty to ensure its use is properly supervised. Should such use by a Level 1 Salesperson be found to be detrimental to a policyholder or insurer, the agency/nominee will be held responsible for the Level 1 Salesperson’s actions.

In addition, if the use of a signature stamp by a Level 1 Salesperson is found to be detrimental to a policyholder or insurer, the licensee whose signature is evidenced by the stamp will also be held directly accountable for its use and subject to discipline as if that licensee had signed the insurance contract directly.

LEVEL 1 SALESPERSON LICENCE RESTRICTION – PROHIBITED FROM WORKING OUTSIDE AN AGENCY OFFICE

Except when attending the premises of an automobile wholesaler, dealer or auction, or a car rental business to conduct automobile insurance business, a Level 1 Salesperson is prohibited from engaging in any insurance activities outside of the agency office. Agencies/nominees are responsible for ensuring that Level 1 Salespersons do not, under any circumstance, engage in insurance activities outside of the agency location, except as noted above.

As part of the direct supervision requirement discussed below, an agency/nominee is responsible for ensuring that a Level 1 Salesperson is aware of this licence restriction and acts accordingly.

LEVEL 1 SALESPERSON LICENCE RESTRICTION – MUST OPERATE UNDER DIRECT SUPERVISION

An agency/nominee is responsible for ensuring there is appropriate supervision for all Level 1 Salespersons. Council accepts that all Level 1 Salespersons are not equal in knowledge and experience, and that the level of supervision required may differ from one Level 1 Salesperson to another.

It is the responsibility of the agency/nominee to evaluate each Level 1 Salesperson, implement the appropriate level of supervision based on this evaluation, and be able to demonstrate that the level of supervision is consistent with the Level 1 Salesperson's knowledge, training, and abilities.

FAILURE TO COMPLY WITH THE ABOVE REQUIREMENTS

Through published Notices and disciplinary decisions, Council has repeatedly addressed the requirements surrounding the aforementioned licence restrictions. Accordingly, agencies, nominees, Level 1 Salespersons, and any other applicable licensees are cautioned that if Council finds non-compliance in this area, it will consider disciplinary action.

If you have any questions regarding this Notice, please contact Regulatory Services by sending an email to info@insurancecouncilofbc.com or calling Council's main number, and at the prompt press "2".

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