

NOTICE

ICN 20-002 | Temporary Suspension of Level 1 Salesperson Location Restriction - Rule 6(1)(b)

March 18, 2020

Following the World Health Organization's classification of the global outbreak of the coronavirus (COVID-19) as a pandemic on March 11, 2020, and the declaration of a provincial state of emergency in BC, the Insurance Council of BC shares the concerns of insurance agencies about the impact of agency closures and self-isolation measures on their ability to continue to meet British Columbians' insurance needs at this crucial time.

To facilitate the public's access to insurance products at this time, particularly car insurance, the Insurance Council has obtained the Minister of Finance's approval of an urgent rule change to Rule 6(1)(b) to temporarily suspend the location restriction on Level 1 General Insurance Salespersons ("Level 1 Salespersons") allowing those with appropriate education and a minimum of six months experience in the preceding nine months, to work outside of an agency office.

Background

Level 1 Salespersons are subject to a number of restrictions under Insurance Council of BC Rule 6(1), including a prohibition on carrying out general insurance business in any place other than on the premises of the insurance agency the licensee is authorized to represent, with certain exceptions.

The temporary suspension of this restriction is aimed at facilitating British Columbians' ability to continue to obtain insurance with minimal interruption or delay while supporting agencies to enable remote work by employees who are self-isolating to prevent the spread of COVID-19.

Regulatory Requirements

Effective, March 19, 2020, Level 1 Salesperson licensees who have the required qualifications and who are not able to attend the agency can conduct insurance business from outside the agency within the limitations and procedures set for them by the agency nominee. The agency nominee is responsible for ensuring that the insurers' procedures are also appropriately followed.

- To qualify under the amended rule, Licensees must have completed the [Council Rules Course](#) and have a minimum of six months' licensed Level 1 experience in the preceding nine months.
- Except for Rule 6(1)(b), level 1 salesperson restrictions remain in place, as outlined in this document (See [Appendix A, "Level 1 Salespersons Restrictions and Limitations"](#)).

Nominees of agencies remain accountable for the activities of these salespersons and are expected to provide sufficient oversight for public protection, in compliance with the *Financial*

Institutions Act, the Insurance Act, and the Insurance Council’s Rules and Code of Conduct.

Nominees should be able demonstrate that they are providing adequate supervision and clear procedures for Level 1 Salespersons working outside of the agency.

Amended Wording of Council Rule 6(1)(b)

As of March 19, 2020, the revised wording of Insurance Council Rule 6(1)(b) suspending the above-mentioned restriction is as follows:

Level 1 General Insurance Salespersons

(1) The following restrictions are imposed on every general insurance salesperson licence: ...

(b) the licensee must not carry on general insurance business in any place other than on the premises of the insurance agency the licensee is authorized to represent, except where the licensee has completed the Council Rules Course and held an active general insurance salesperson licence for 6 of the preceding 9 months. ~~and has met Council’s guidelines on the minimum training and experience necessary to engage in automobile insurance, at which time the licensee may conduct automobile insurance on the premises of an automobile wholesaler, dealer or auction, or a car rental business;~~

This amendment to Rule 6(1)(b) is temporary. The Insurance Council will be closely monitoring the COVID-19 situation and will evaluate appropriate timing to revoke the amended rule and revert back to the original Rule 6(1)(b).

More Information

Updated guidance for agencies, nominees, and Level 1 Salespersons on the parameters within which Level 1 Salespersons may engage in insurance activities is provided in Appendix A: [“Level 1 Salespersons Restrictions and Limitations”](#).

Information on the Council Rules Course and how to take it is available on the Insurance Council website under Licensee Resources or insurancecouncilofbc.com/licensee-resources/council-rules-course/.

If you have any questions about this Notice, please contact Regulatory Services at 604-695-2008 or toll-free at 1-877-688-0321 ext. 3 or email regulatoryservices@insurancecouncilofbc.com.

Level 1 Salespersons Restrictions and Limitations

Guidance for General Insurance Salespersons, General Insurance Agencies and General Insurance Nominees

Level 1 Salespersons

It is important to understand the distinction between a Level 1 Salesperson and a general insurance agent (e.g., a Level 2 or Level 3 general insurance agent). By definition, pursuant to section 168 of the *Financial Institutions Act*, a Level 1 Salesperson is:

“...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”

By definition, a general insurance agent is:

“...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”

There are two key differences in these definitions. First, a Level 1 Salesperson is defined as an employee, while a general insurance agent is not. Second, a general insurance agent can sign or deliver an insurance policy, whereas a Level 1 Salesperson cannot engage in either of these activities, except where conducting Insurance Corporation of British Columbia (ICBC) insurance transactions. In addition to these differences, as per Council Rule 6(1), a Level 1 Salesperson licence has four specific restrictions. These are:

1. The licensee must not sign contracts on behalf of an insurer.
2. The licensee must not carry on general insurance business in any place other than on the premises of the insurance agency the licensee is authorized to represent, except where the licensee has completed the Council Rules Course and held an active general insurance salesperson licence for 6 of the preceding 9 months.
3. The licensee must only conduct insurance business under the direct supervision of a general insurance agent.
4. The licensee’s compensation must consist of a salary, whereby a minimum of 60% of the annual income is based on an hourly, daily, monthly, or other regular rate.

Prohibited Activity

Accordingly, agencies, nominees, and Level 1 Salespersons are advised as follows.

A Level 1 Salesperson cannot engage in the following activities at any time:

- be responsible, either directly or indirectly, for the supervision of another Level 1 Salesperson;
- make an adjustment or settlement of a claim under a contract of insurance;
- advertise or promote their services as an insurance licensee in print, electronically, or in any form of social media;
- hold out as a producer, or anything other than as a Level 1 Salesperson or employee of an insurance agency;
- provide a member of the public with a phone number, email address, or other means of contact that is not the contact information of the insurance agency that the Level 1 Salesperson is authorized to represent except as approved by the agency nominee;

And, except for ICBC insurance transactions, cannot:

- sign a policy, a binder, a certificate of insurance, interim receipt for insurance, or any document that is intended to represent evidence of a contract of insurance;
- deliver, collect, or receive any insurance documentation outside the agency office;
- collect or receive any money or signature from a person relating to an insurance transaction outside the agency office;

Permitted Activity Outside an Insurance Agency Office

With the exception of the prohibited activities listed above, a Level 1 Salesperson who has completed the Council Rules Course and held an active general insurance salesperson licence for 6 of the preceding 9 months may conduct insurance activity outside an insurance agency office.

Privacy

Level 1 Salespersons (as well as all other levels of general insurance licensees) cannot:

- access any information on any ICBC database, except for the specific purpose of conducting an Autoplan insurance transaction; or

- access any client information contained in an agency or insurer database, except for the specific purpose of conducting an insurance transaction.

Agency and Nominee Responsibilities

Council expects that all agencies and nominees will consider whether they are providing their Level 1 Salespersons with a work environment that fosters compliance with the above requirements, particularly if they are working outside the agency.

Insurance agencies and nominees are expected to ensure that their Level 1 Salespersons do not engage in insurance activities in any manner other than as employees of the agency and should be able to demonstrate that the agency has procedures in place to ensure Level 1 Salespersons have sufficient supervision and oversight to monitor their activities and comply with the above requirements.

Agencies and nominees should be aware that any improper conduct by a Level 1 Salesperson will be deemed to reflect on the competence of the Level 1 Salesperson's employer (the insurance agency and its nominee). Where the Insurance Council determines that a Level 1 Salesperson has been permitted to act contrary to the provisions set out in this Guidance, the insurance agency(s) and nominee(s) could be subject to discipline. Subsequent offences at the same insurance agency could bring into question the suitability of the insurance agency (its officers and directors) and its nominee to hold a general insurance licence.

If you have any questions about this guidance document, please contact Regulatory Services at 604-695-2008 or toll-free at 1-877-688-0321 ext. 3 or email regulatoryservices@insurancecouncilofbc.com.