

Insurance Council of British Columbia

PROPOSED CHANGES TO THE LICENSING OF RESTRICTED TRAVEL INSURANCE AGENTS

I. Background

In 1993, in accordance with the *Financial Institutions Act*, the Insurance Council of British Columbia (“Council”) commenced licensing travel agents engaged in the sale of travel insurance (“travel insurance agents”). The existing licensing structure, which is also used for licensing life and general insurance agents and adjusters, creates challenges for travel insurance agents that are not encountered by the other licence categories. Working closely with representatives from the travel industry and Association of Canadian Travel Agents, an alternative licensing structure was developed.

The benefits of this proposal include: more relevant training for new travel insurance agents; an expanded definition of travel insurance, more reflective of the types of insurance being sold; and, greater flexibility in licensing, resulting in reduced costs.

The purpose of this Notice is to provide an outline of the proposal and to initiate discussion with the travel industry. Council proposes to hold a series of meetings around the province to discuss these changes and receive industry feedback. When finalized, dates and locations of these meetings will be forwarded to all travel insurance agencies.

II. Proposal

The proposal addresses the following topics:

- i. Definition of travel insurance;
- ii. Licensing exam;
- iii. Licensing requirements; and,
- iv. Continuing education.

i. Definition of Travel Insurance

The current definition is narrow in scope and does not accurately reflect all types of “travel insurance” sold by travel insurance agents. The current definition defines travel insurance as:

- (a) *insurance against loss or damage that is incurred by the insured during or in conjunction with travel, or*
- (b) *insurance against loss or damage occurring because of cancellation of travel arrangements.*

A broader, more comprehensive definition is proposed as follows:

1. *insurance in respect of a trip by a person away from the place where the person ordinarily resides, without any individual assessment of risk, against*
 - (i) *loss of, or damage to, personal property that occurs while on a trip,*
 - (ii) *loss that is caused by the delayed arrival of personal baggage while on the trip, or*
 - (iii) *loss that is incurred from the rental of a motor vehicle while on the trip, or*
2. *insurance in respect of a trip by a person away from the place where the person ordinarily resides,*
 - (i) *against expenses incurred while on the trip that results from an illness or the disability of the person that occurs on the trip,*
 - (ii) *against expenses incurred while on the trip that results from bodily injury to, or the death of, the person caused by an accident while on the trip,*
 - (iii) *whereby the insurer undertakes to pay one or more sums of money in the event of an illness or the disability of the person that occurs on the trip, or of bodily injury to, or the death of, the person that is caused by an accident on the trip,*
 - (iv) *against expenses incurred by the person for dental care necessitated by an accident while on the trip, or*
 - (v) *in the event that the person dies while on the trip, against expenses incurred for the return of that person's remains to the place where the person was ordinarily resident before death, or travel expenses for someone to go and pick up that person's remains.*
 - (vi) *against loss that results from the cancellation or interruption of the trip.*

ii. Licensing Exam

In addition to an improved definition of travel insurance, new study material and a new licensing exam are proposed. *Note: travel insurance agents who are already licensed with Council, are **not** required to take the new course and exam.*

In conjunction with the travel industry, a skills profile for a travel insurance agent was developed and from that profile, an outline for a new licensing course and exam was developed ("travel skills profile"). The proposed study material will be more relevant to a new travel insurance agent, thereby providing better protection to the public and providing the industry with better-qualified staff. In co-operation with the travel industry, it is Council's goal to complete the new study material and licence exam by the second half of 2003.

The travel skills profile, outlining the content of the study material and exam, is available through Council's Fax-on-Demand system by requesting Document number 88. You can access Council's Fax-on-Demand system by calling our main number listed below.

iii. Licensing Requirements

After the improved definition of travel insurance, new study material and the new licensing exam, consideration was given to the licensing structure under the Insurance Licensing Regulation. Under existing licensing criteria any travel agent involved in the sale of travel insurance must be licensed with Council.

Council recognizes that its travel licensees sell travel insurance incidental to their primary role as a travel agent and therefore, in addition to the changes outlined above, Council is proposing a major change to the licensing regime. The proposal calls for exempting individual travel agents from having to hold a restricted travel insurance agent's licence provided the individual:

- a) is employed by a travel agency licensed to sell travel insurance;
- b) has successfully completed the licensing exam; and
- c) completes a minimum of 2 continuing education hours each year.

The licence exemptions will only apply to individual travel insurance agents. The travel agency and a nominee (for corporations and partnerships) will still be required to hold a restricted travel insurance agent's licence.

This licence exemption, if implemented, will result in savings for travel agencies. As an example, a travel agency with 6 licensed staff is currently required to have 7 licences (6 individual and 1 corporate). Under the proposed licensing system it would be required to hold only 2 licences (1 nominee and 1 corporate). As a result, this agency would save \$925 (5 X \$185) in licence renewal fees, plus any licence transfer or first time application fees that may arise.

iv. Continuing Education

To keep pace with changes in travel insurance, all individual travel insurance agents will be required to complete a minimum of 2 hours of continuing education each year. Preliminary discussions with some insurers indicate the continuing education necessary to meet this requirement will be available at little or no cost to travel insurance agents.

If this recommendation is adopted, Council will work with the travel industry to develop a continuing education program.

III. Conclusion

A significant amount of time and effort has gone into developing these recommendations. The purpose of this Notice is to provide a basis for in-depth discussion. As mentioned earlier, Council will hold a series of meetings with the industry to discuss these proposals and obtain additional feedback before approaching the government to propose amendments to the Insurance Licensing Regulation.

Travel insurance agents are encouraged to attend one of the meetings or to forward a written submission to Council. Any written submissions should be directed to the attention of:

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