

INSURANCE COUNCIL OF BRITISH COLUMBIA ("Council")

PUBLICATION OF COUNCIL RULE 6(1) AMENDMENT

In accordance with section 7(1) of the Insurance Council Rule-Making Procedure Regulation, this Notice is the Insurance Council of British Columbia's ("Council") official publication of the amendments to Council Rule 6(1): Licence Restrictions – Level 1 General Insurance Salespersons, and the accompanying definitions.

The impetus for the amendments are twofold. First, Council found that Level 1 Salespersons ought to have more training and experience before they engage in automobile insurance outside the office of an insurance agency at prescribed locations ("mobile road service").

Second, Council identified a number of situations where Level 1 Salespersons were being permitted to engage in insurance activities in a manner that was inconsistent with the spirit and intent of the restrictions on their insurance licences. As examples, Council has encountered Level 1 Salespersons who were allowed to have their own clients or "book of business"; were being compensated solely on production; and were being permitted to act as insurance agents without direct supervision. Council found that these types of practices contributed to improper behaviour by Level 1 Salespersons.

Amendments – Training and Experience

Effective January 1, 2017, a Level 1 Salesperson may only conduct automobile insurance business outside the office of an insurance agency, and on the premises of automobile wholesaler, dealer or auction, or car rental business, if the Salesperson has:

1. completed the Council Rules Course;
2. held an active general insurance licence for 6 of the preceding 9 months; and
3. met Council's guidelines on the minimum training and experience necessary to engage in automobile insurance.

Transitional Provision: Level 1 Salespersons who have commenced mobile road service prior to January 1, 2017, and who are able to do so because they have 3 consecutive months of automobile insurance experience, must complete the Council Rules Course before January 1, 2017 if they wish to continue engaging in mobile road service after January 1, 2017. These Level 1 Salespersons will not, however, be required to have the additional training and experience set out above under items 2 and 3.

Council's guidelines on the minimum training and experience necessary to engage in automobile insurance on the premises of an automobile wholesaler, dealer or auction, or car rental business will serve as the benchmark upon which Council will measure the conduct of a Level 1 Salesperson, and the conduct of the insurance agency/nominee responsible for the Level 1 Salesperson's activities.

Amendments – Compensation Structure

Effective January 1, 2017, a Level 1 Salesperson's compensation must consist of a salary, whereby a minimum of 60% of the Level 1 Salesperson's annual income from his or her employment at an insurance agency is based on an hourly, daily, monthly, or other regular rate.

This requirement applies to all Level 1 Salespersons, regardless of their licence history, experience, or the nature of their work at an insurance agency. Council will ultimately hold an insurance agency and its nominee accountable for ensuring this requirement is met.

Appendices

Appendix 1, accompanying this Notice, contains the amended Rule 6(1) and the definition for the Council Rules Course. Appendix 2, accompanying this Notice, contains Council's guidelines on the minimum training and experience necessary to engage in automobile insurance at prescribed locations.

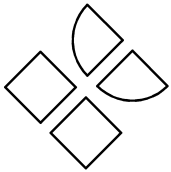
Comments and Questions

Level 1 Salespersons, insurance agencies, and nominees, are reminded that the restrictions on a Level 1 Salesperson's licence, which require that the Level 1 Salesperson be under direct supervision and be prohibited from signing a contract of insurance on behalf of an insurer, will remain in place.

Details regarding how to enroll in and complete the Council Rules Course through the Insurance Brokers Association of British Columbia are available online at: advance.captus.com/ib/ibabc/default.aspx.

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

November 17, 2016
ICN 16-006



COUNCIL RULE AMENDMENTS AND DEFINITIONS

Effective January 1, 2017, Insurance Council of British Columbia Rule 6(1) is amended as follows:

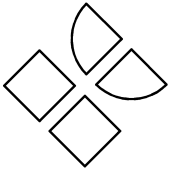
Definitions

“*Council Rules Course*” means a course established by Council under its continuing education program for new licensees.

Rule 6 Licence Restrictions

Level 1 General Insurance Salespersons

- (1) The following restrictions are imposed on every general insurance salesperson licence:
- (a) the licensee must not sign contracts of insurance on behalf of an insurer;
 - (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;
 - (c) the licensee must only conduct general insurance business under the direct supervision of a general insurance agent; and
 - (d) 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.



COUNCIL RULE 6(1) GUIDELINES – EFFECTIVE JANUARY 1, 2017

**TRAINING AND EXPERIENCE REQUIRED FOR
LEVEL 1 GENERAL INSURANCE SALESPERSONS
("LEVEL 1 SALESPERSON")
CONDUCTING MOBILE ROAD SERVICE ACTIVITIES**

1. A Level 1 Salesperson must have received a minimum of 600 hours of combined training and work experience relating to automobile insurance. Of the minimum 600 hours of experience, at least 80 hours must be specific to mobile road service activities and should include accompanying ("shadowing") a qualified Level 1 Salesperson or insurance agent while the qualified Level 1 Salesperson conducts mobile road service activities. A qualified Level 1 Salesperson or insurance agent is a person who meets or exceeds the aforementioned experience requirements.
2. Both a Level 1 Salesperson and the employing insurance agency have a responsibility to ensure there has been an appropriate amount of training and experience before permitting a Level 1 Salesperson to engage in mobile road service activity.
3. Should a concern arise relating to a Level 1 Salesperson's mobile road service activity, the Level 1 Salesperson and the employing agency could be required to demonstrate to Council that the Level 1 Salesperson has received the minimum training and experience, as set out above, or that the Level 1 Salesperson has education and/or other experience which is equivalent to the aforementioned guidelines.