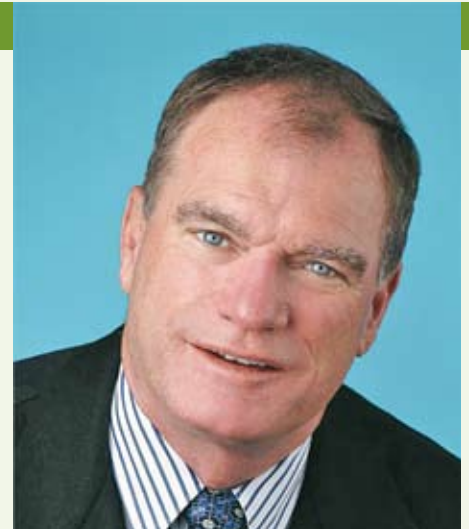


Gerald Matier

The Insurance Council of British Columbia



I. The Mission of the Council

The Insurance Council of British Columbia (Council) is a self-regulatory organization, established by provincial statute to license and regulate the activities of life and general insurance agents, general insurance salespersons, insurance adjusters, and restricted travel insurance agents in British Columbia.

The role of Council is best described in its mission statement.

We serve and protect the public by regulating insurance licensees under the *Financial Institutions Act* and by promoting ethical conduct, integrity, and competence.

Council fulfils this mission by

- establishing and monitoring entry-level and continuing educational requirements for licensees;
- determining an applicant's suitability to carry on the business of insurance, before granting a licence. This review process continues after an applicant is licensed, when information comes to Council's attention that may bring into question a licensee's suitability;
- giving direction to the industry to help ensure licensees conduct the business of insurance in good faith and in accordance with proper practice.

Council is made up of industry and consumer representatives. Members each bring their own unique background, experience, and knowledge to the task of assisting Council in fulfilling its mandate. Council members are selected for their special expertise as an insurance professional.

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II. Creation and Composition of Council

Council was originally established more than 60 years ago. In 1984, it was delegated authority to license insurance agents, salespersons, and adjusters. Subsequently, Council was also given authority to investigate and discipline licensees.

In 1990, the *Financial Institutions Act* (the Act) established Council's makeup and defined its responsibilities in regulating insurance licensees. It is accountable to the provincial government and reports to the Minister of Finance (Minister).

Council is self-funding. It has an annual operating budget of approximately \$2.9 million. All its revenue comes from the insurance industry. The primary sources of funding are licensing fees assessed

to licensees, examination fees, and an annual assessment to insurance companies holding a business authority under the Act.

Council is comprised of both voting and nonvoting members. All appointments are made by the Minister through Orders-in-Council.

The day-to-day operations of Council are carried out by a full-time staff, under the direction of an executive director.

Voting Council Members

Council has 11 voting members, all appointed by the Lieutenant-Governor-in-Council. The Act prescribes that representation come from all sectors of the insurance industry and from the general public.

Voting members' appointments are for individual terms, with a maximum 3-year term. Voting members can serve multiple terms to a maximum of 6 years.

Representation on voting Council is distributed as follows.

- 2 representatives from life insurance companies
- 2 representatives from general insurance companies
- 2 life insurance agents
- 2 general insurance agents or salespersons
- 2 lay persons
- 1 insurance adjuster

Council is required by the Act to meet monthly. All voting Council members and senior staff attend these meetings, which address issues related to licensing applications, discipline/ investigation reports, policy issues, and administrative matters.

III. Council's Roles

Educational Requirements

Council establishes educational requirements for each level of licence. Industry associations administer most of the prescribed education courses that constitute licensing requirements. Council oversees the entry-level examinations for a life licence, including the study material for this exam. Council has a responsibility to ensure that education requirements for licensing meet the minimum standards necessary to protect the public.

To support the prescribed educational standards, Council has established mandatory continuing education requirements for all licensees and it administers the continuing education programs. Compliance with the requirements is a condition of licensing.

Combined with the prescribed education requirements are minimum-experience requirements for certain levels and categories of licence. Council has the authority to consider licence applications on an equivalency basis. In these cases, applicants can apply to have their education and work experience reviewed, to determine if it is equivalent to that set out in the prescribed requirements.

Licensing

Council is responsible for licensing insurance agents, salespersons, and adjusters in the province. It determines whether an applicant is suitable for licensing and must be satisfied that the applicant is competent, trustworthy, and financially reliable and intends to carry on the business of insurance in good faith and in accordance with the usual practice.

Currently there are 24,000 (approximately) persons licensed to

carry on insurance business in the province. This includes

- 11,000 general insurance agents and salespersons;
- 11,800 life and accident and sickness insurance agents;
- 550 insurance adjusters; and
- 500 restricted travel insurance agents.

Council receives approximately 3500 new licence applications annually. Each application is reviewed to determine if there is any reason the applicant may not be suitable for licensing. The majority of applications are processed by staff, according to the directions and requirements established by Council. A small but significant number of applications require further consideration and direction from Council.

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Where an issue arises regarding an applicant's suitability, the matter is brought before Council for its consideration. Where Council determines an applicant is unsuitable, it can decline to issue a licence.

Investigations/Discipline

Council has the authority to take disciplinary action against a licensee in certain circumstances. This authority can be summarized under two headings: Suitability (competency, trustworthiness, and financial reliability) and usual practice.

In areas where Council has primary jurisdiction, Council staff investigate the allegations. Where Council determines a licensee has breached the Act, its Rules, or its Code of Conduct, it can take disciplinary action. Council has the authority to reprimand, suspend, or cancel a licence, fine a corporation up to \$20,000 and an individual up to \$10,000, place special conditions on a licence, or amend any condition attached to a licence.

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Council also has the authority to assess a licensee for its investigation costs.

Where Council exercises its powers under section 231 of the Act, or declines to issue a licence, a licensee has the right, under the legislation, to request a hearing. This is conducted by Council or a committee of Council. After a hearing decision is made, the licensee has the right to appeal the decision to the Financial Services Commission.

IV. Council Staff

The Council has a staff of 28. The following is an overview of staff responsibilities.

Licensing Department

Council's Licensing Department is made up of 1 Licensing Manager and 4 Licensing Officers. The Licensing Department is responsible for the review and processing of applications for the issuance, transfer, reinstatement, or amendment of licences.

Administration

Administration consists of an Administration Manager, a Project Coordinator, an Exam Coordinator, an Accountant, a File Room Clerk, Cash Clerk, an Administrative Assistant, and 2 Receptionists.

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Compliance Department

The department consists of a Compliance Manager, 5 Compliance Officers, and 1 support staff. The department averages between 70 and 80 open investigations. The department routinely receives 30 new complaints a month. Of these, only a portion result in investigations being undertaken.

The Manager oversees the operation of the disciplinary process

and provides Council with direction on compliance matters.

Regulatory Services

The department consists of 1 Manager and 3 Advisors. The department handles the majority of general inquiries received by Council and is responsible for conducting continuing education and practice audits. ▲

Gerald Matier has been Executive Director of the Insurance Council of British Columbia since September 1991. The primary regulator in the province, the Insurance Council is responsible for regulating more than 24,000 persons. Gerald has served as Chair of the Canadian Insurance Services Regulators' Organization and has worked in areas of securities regulation, adjudication, and income tax. He currently serves on a number of national industry committees.

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