

Fact Sheet – August 26, 2014

Manitoba's Amended Insurance Act

On September 1, 2014, changes to *The Insurance Act* (Act) will go into effect.

While most of the amendments will be effective September 1, 2014, other amendments provide a transitional period in order for insurers to change systems, contract provisions, forms and advise staff. Although the regulatory regime related to incidental sellers of insurance will be effective January 1, 2015, it is important to note that transitional provisions coincide with the licensing renewal cycle (June 1, 2015) at the Insurance Council of Manitoba. Effective March 1, 2015, the remainder of the amendments will come into force related primarily to life and health insurance contract provisions.

The following information highlights some of the major changes in the Act and related Regulations.

Some significant amendments to the Act include:

- Many of the Act's provisions, including virtually all of Parts V and VI (life insurance and accident and sickness insurance), are harmonized with the Insurance Act of Alberta.
- Part IV (fire insurance) is consolidated with Part III (insurance contracts generally) and harmonized statutory conditions are made applicable to most property and casualty insurance contracts. Parts VIII (livestock insurance) and IX (weather insurance) are repealed. The risks governed by these parts will be governed by the consolidated Part III.
- Consumer protection enhancements include:
 - better access for claimants to documents and information about life insurance and accident and sickness insurance contracts
 - enhancements to dispute resolution
 - protection for innocent persons from loss of coverage for intentional acts of co-insureds and other persons
 - requiring the approval of the Superintendent of Insurance for fire exclusions
 - authority to licence incidental sellers of insurance
- As in other provinces, insurers, brokers and agents will be permitted to offer reasonable customer inducements, such as loyalty reward programs.
- A broker or agent is no longer prohibited from charging a fee on a commercial insurance transaction in connection with which a commission is also earned.
- To promote greater risk-based self-evaluation, insurers who conduct their own compliance audits have a limited privilege in relation to the audit documentation.
- Amendments are made to facilitate and regulate electronic transactions under the Act.

Some significant amendments to the Regulations include:

Insurance Agents and Adjusters Regulation, Amendment

- The Insurance Amendment Act defines an “incidental seller of insurance” (ISI) as a person that, in the course of selling or providing goods or services to the person’s customers or clients, sells, negotiates or arranges insurance, or offers to sell, negotiate or arrange insurance, that relates to those goods or services.
- Amendments to the Regulation outline the licensing requirements for an ISI Restricted Insurance Agents Licence to:
 - include the types of entities who are permitted to hold a licence
 - restrict the type of insurances to be sold
 - appoint a designated official who is responsible for supervising insurance activities under the licence
 - ensure the restricted licence holder has reasonable policies and procedures in place
 - ensure that anyone who solicits, negotiates or transacts insurance on behalf of the restricted licence holder is knowledgeable, competent and suitable
 - maintain adequate liability insurance (errors and omissions)
 - require adequate product disclosure and limitations on the use of the personal information provided by a consumer
 - outline the application and licence issuing process
- Transitional provisions include 2015 in force dates to coincide with the licensing renewal cycle (June 1, 2015) at the Insurance Council of Manitoba.

Insurance Agents and Adjusters Fees Regulation, Amendment

- Sets out the restricted licensing fee for an Incidental Seller of Insurance licence holder in relation to the number of authorized persons.

Insurance (General Matters) Regulation

This new regulation was created in part to complement a number of consumer related Act amendments:

- Insurers and agents/brokers will be permitted to offer an inducement to insure as long as the fair market value of the payment, allowance, gift or offer to a prospective insured does not exceed \$25.00 per year.
- Sets out requirements for an innocent co-insured to claim their portion of a loss where the loss to the property is caused by the intentional or criminal acts of one of the co-owners of the property.
- Sets out certain prescribed exclusions and circumstances where contracts relating to loss or damage by fire or another prescribed peril apply. These exclusions are consistent with other jurisdictions.
- Require insurers to provide claimants with better access to documents and information about their group life insurance and accident and sickness insurance contracts with exceptions.
- Provide consumers with a ten day right of rescission (cooling off period) for life insurance or accident and sickness insurance policies. This does not apply to personal travel insurance if the term of the contract is less than 190 days, a variable insurance contract or an annuity contract.

Classes of Insurance Regulation, Amendment

- The Insurance Amendment Act completed the second phase of repealing the definitions of the classes of insurance from the Act and moving them to the Classes of Insurance Regulation. The first phase occurred when the Act was amended in 2007. The classes of insurance will be consistent with other Canadian jurisdictions.

Financial Institutions Regulation Branch

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Insurance Fees Regulation, Amendment

- This Regulation has been amended to harmonize with the amended Classes of Insurance Regulation.

Insurance Councils Regulation, Amendment

- Sets out the clear authority for the Insurance Council of Manitoba to publish administrative decisions related to licensing or disciplinary actions of agents or adjusters. This clarity was necessary to allow the Insurance Council to participate in national data base to inform consumers of an administrative decision or information of the disposition of an appeal of an administrative decision.

Insurance Companies Financial Requirements Regulation, Amendment

- The Insurance Companies Financial Requirements Regulation 174/97 and the Guarantee Corporation for Insurers Regulation 140/90 are being merged into this Regulation.
- The term “guarantee plan” is replaced by “compensation association” to be consistent with Act amendments and the term used across Canada.

Access to the Act and the revised Regulations

Although the amended Act and Regulations have yet to be posted on the Manitoba Laws website, please continue to monitor the website as we anticipate that it will be updated shortly:

<http://web2.gov.mb.ca/laws/statutes/ccsm/i040e.php>

If you have any questions regarding amendments to *The Insurance Act* or Regulations please contact the Office of the Superintendent of Insurance, either by email insurance@gov.mb.ca or by phone 204-945-1150.