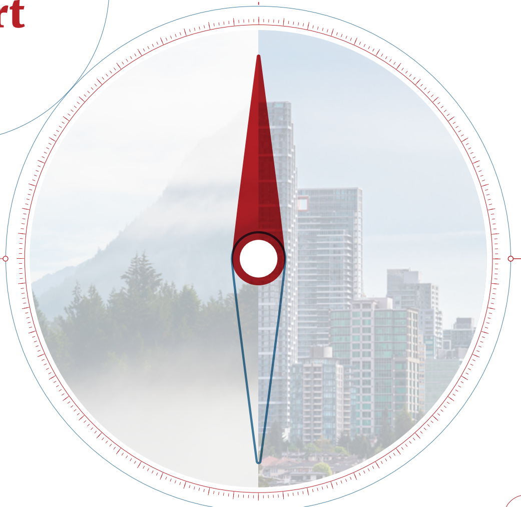
Insurance Council
BRITISH COLUMBIA

Annual Report

2023
-
2024



Governance

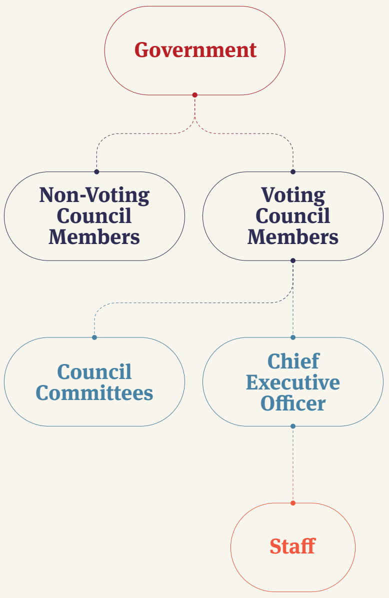
Who We Are

The Insurance Council of BC (Insurance Council) is a regulatory body established by the *Financial Institutions Act* that is accountable to the BC Ministry of Finance. Voting and non-voting members of the Insurance Council are appointed by and report to the government.

What We Do

The Insurance Council oversees the licensing and professional conduct of life, accident & sickness, and general insurance agents, salespersons, and independent adjusters. We protect the public by ensuring that licensees act ethically, with integrity and competence.

Governance Structure



Message from the Chair

Donna Thorne

D Thorne

In June 2023, the Insurance Council launched a three-year strategic plan focused on modernizing our regulatory practices and building upon the three pillars of regulation: licensing, practice support and enforcement.

As Chair, it is my privilege to update you on the progress we have made in the first year.

This past year, we've taken important steps to establish baseline expectations for practice and licensure in the BC insurance industry. This includes development of a competency framework outlining core competencies and entry level requirements for general insurance licensure, setting out standards of professionalism that support public protection.

To support a harmonized approach to exam administration and safeguard entry to practice requirements, the Insurance Council joined other provinces and territories in adopting new policies for the Life Licence Qualification Program (LLQP) exam. The unified approach addressed examination procedures, changes to the exam retake requirements, and consequences for misconduct.

Continuing education (CE) remains crucial to insurance professionals and we've emphasized providing resources to support this. This year, we introduced the Nominee Responsibilities and Best Practice Course, published practice guidance, updated guidelines, and offered a free CE requirements course to clarify expectations.

As a regulator, it is our responsibility to administer discipline when necessary. This reporting year, a total of 41 disciplinary decisions were issued, leading to four disciplinary hearings. Over $3.4M dollars was spent this year to manage complaints and misconduct files.

While it is our duty to perform this function of regulation, we try to prevent public harm through proactive regulation; at the disciplinary stage, harm to the public has likely already occurred.

Collaboration with our regulatory counterparts through the Canadian Insurance Services Regulatory Organizations (CISRO) resulted in a principles-based guidance document for insurers (*Incentive Management Guidance*), the cessation of deferred sales charges for segregated funds, and a report providing guidance for insurance professionals to prevent cybersecurity risk.

We are keeping an eye on the horizon to ensure we are positioned to manage future challenges. This year we completed a comprehensive analysis of technology use in Canada by the insurance industry. Collaboration with industry experts and stakeholders was vital in developing the report, which will support developing effective regulation.

We continue our multi-year Digital Transformation Project to modernize our technology infrastructure to make it more secure and effective. We also started work on the redevelopment of the Insurance Council's website, aiming to make information and regulatory processes more easily accessible.

I want to acknowledge the tremendous work of my colleagues on Council and how fortunate I am to have served as Chair. I am excited to see the Insurance Council continue to evolve to serve the best interests of the public.

Message from the CEO

Janet Sinclair

This past year the Insurance Council has taken significant steps to build our regulatory tools, resources and infrastructure to protect the public and support our licensees and stakeholders.

Licensees' understanding of their requirements is key to being compliant and we have made a concerted effort to raise awareness of the resources available to them. In 2023-2024, we saw a 25% increase in practice inquiries from the prior year—the top three topics being practice/regulatory requirements, CE and licensing changes/updates. We are pleased that many licensees are seeing the Insurance Council as a resource for information.

We've proactively communicated licence requirements. Over 4,200 licensees registered to attend our live webinar on CE requirements or watched the recording. We produced guidelines to address some of the main inquiries from licensees and are continuing to grow our practice audit program which provides guidance to correct potential issues.

We introduced changes to modernize level 3 general and adjuster licensure to make it easier for licensees to upgrade their licences based on education and experience.

Transparency is key to building trust. To clarify processes for applicants, licensees, and the public, we've introduced policies like the Unlicensed Activity Policy, Non-Standard Application Policy and other licensing and exams policies.

Our new Accommodation Policy addresses barriers licensees and examinees may face. Whether taking an exam or seeking extensions in meeting licensing requirements due to illness or other circumstances, we want to ensure our licensees have appropriate support to fulfill their regulatory responsibilities.

We continue to work towards a harmonized regulatory approach through our participation in CISRO. Key initiatives this year included work on general insurance licensing requirements, adjuster licensing requirements, life insurance replacement declarations, InsurTech, promoting consumer awareness, and discussing approaches to climate change. We continue to develop a new restricted insurance licence to support anticipated government regulations for the sale of insurance as a secondary service or product. This new regime will ensure those selling insurance in addition to their usual business are meeting standards that support consumer protection.

As we pursue the goals set out in our new strategic plan, I want to thank our council members who devote their time and energy sharing their expertise and guidance. I am also grateful for the talented and dedicated staff team that I get to work with every day and am excited for what the future holds.

Strategic Plan

2024-2026

Our Vision

British Columbians have confidence in an insurance industry that meets international standards of public protection.

Our Mission

Proactive regulatory leadership that ensures a qualified, competent and ethical industry meets British Columbians' insurance needs.

1/3

This year marks the beginning of our three-year strategic plan, continuing work set out in the previous years which focused on four main goals.

Goal 1

Effective regulatory practices and support systems that meet current and emerging international standards

Priority

Update regulatory practices to meet the International Association of Insurance Supervisors' Insurance Core Principles and the Professional Standards Authority's Standards of Good Regulation.

Goal 2

Regulatory oversight that protects consumers and enables industry innovation

Priority

Modernize regulatory oversight to keep pace with changes in the insurance marketplace and support/enable industry transformation.

Goal 3

Strategic engagement that enhances and supports public protection

Priority

Build awareness of the Insurance Council's role and the services it provides to better serve consumers, licensees and government.

Goal 4

Efficient, effective and fair access to the Insurance Council's services

Priority

Drive operational effectiveness.

Goal

1

Effective regulatory practices and support systems that meet current and emerging international standards

Work on the multi-year project to modernize the Insurance Council Rules and align with international regulatory standards continues to progress. A number of changes to the Rules were implemented in fiscal year 2024.

- New rule that restricts insurance agencies that have common ownership with property management companies from conducting strata insurance business for those properties to protect public interest
- Updated general insurance agent and adjuster level 3 qualifications to facilitate career advancement based on education and experience
- Updated fee schedule to ensure sustainable funding model that continues to support public protection activities

Regulatory processes were updated to increase operational efficiency.

- Created policies to streamline operations, which aim to reduce administrative time and cost, and Council and committee burden
- Identified ways to streamline decision-making processes in conduct matters

Audits

To assess and support licensee compliance, the Insurance Council audits and verifies licensees' understanding of and compliance with their licence and practice requirements. In addition, audits of accredited course providers are also conducted to confirm their courses meet CE program requirements. Audits identify knowledge gaps that help us produce support materials and inform competency frameworks to increase comprehension and enhance public protection.

551	CE, E&O, annual licence renewal declaration and other rule-related compliance audits conducted
245	general insurance agency and individual life insurance agent practice audits conducted
4	accredited course provider education audits conducted

Education materials were developed to support licensees in their understanding of and adherence to licensing requirements.

- **CE requirements course:** Free course made available to licensees that clarifies annual continuing education expected of each insurance licence class holder
- **Nominee course:** Course requirement introduced for nominees outlining their responsibilities and duties as a senior insurance professional
- **Webinars:** Free webinars provided an overview and explained what licensee requirements must be met to complete licence renewal and maintain licensure

Licensee learner stats

June 1, 2023 to May 31, 2024

391	Nominee course registrations
1,980	CE requirements and guidelines course registrations
2,201	Live webinar attendees
2,020	Recorded webinar registrations

Goal

2

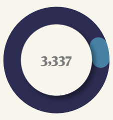
Regulatory oversight that protects consumers and enables industry innovation

The Insurance Council is working on standardized base-level licence qualifications for certain types of insurance sales to increase public protection and confidence in the marketplace.

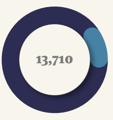
- **Developing competency frameworks—structured sets of minimum required skills—for classes of general insurance professionals.**
  - Developed entry-level skills qualifications for level 1 general insurance salespersons that have been presented to the national General Insurance Licensing Qualification Review Committee. The committee is reviewing this framework along with others across the country as part of a project to provide guidance for regulatory harmonization across Canadian jurisdictions.
  - Skill qualifications for level 2, 3 agents and nominees drafted, and validation undertaken with industry professionals.
- **Developing a framework for a new restricted insurance licence to support implementation of the regulatory regime for the incidental sale of insurance products introduced in the *Financial Institutions Act.***
  - Preliminary consultations were held with industry stakeholders and regulatory partners for input in the creation of a competency framework.
  - Currently developing key regulatory elements that will define the new licence, as well as creating processes for licence application.

LLQP Exams

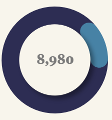
Online | In-person



Exam Registrations



LLQP Exam Modules Written



LLQP Exam Modules Passed

The transition to fully administer Life Licence Qualification Program (LLQP) exams in person has been completed to ensure the security and integrity of the exam process. More exam locations have also been added to meet demand and accessibility.

With the increasingly broader use of technology in the insurance industry, the Insurance Council is evaluating consumer risks and vulnerabilities to determine how to safeguard the public.

A report was created from compiled research on InsurTech, including results from a survey and interviews held in 2023 on the use of technology in the insurance industry. The report provides regulatory considerations to prevent consumer harm, which we are assessing.

Goal

3

Strategic engagement that enhances and supports public protection

We continue to work closely with the BC government and British Columbia Financial Services Authority (BCFSA) in the development of regulatory guidance and policy that enhances consumer protection and access to insurance.

We support licensees and the public by providing practice support and regulatory information:

5,861 inquiries

from June 1, 2022 to May 31, 2023

25% increase

over last year

7,433 inquiries

from June 1, 2023 to May 31, 2024

We partner with the BC government and its agencies, insurance industry associations, and other regulators through working groups to better support Canadians facing the growing risk of natural disasters due to climate change.

- Provided resources to insurance consumers and intermediaries via digital channels such as promotion through National Insurance Awareness Day
- Submitted a paper to the Ministry of Emergency Management and Climate Readiness, outlining how regulatory bodies and the insurance industry can effectively support the government's Disaster Financial Assistance program in providing necessary financial aid to Canadians

We are undergoing a website redesign to better serve the public and licensees in accessing regulatory services, information and resources; and promote understanding of the Insurance Council's role.

Goal

4

Efficient, effective and fair access to the Insurance Council's services

Numerous new features were added to our online portal services including expanding the number of licensing applications that can be processed online.

Significant progress has been made in a multi-year endeavor—the Digital Transformation Project—to update and transition to a new technology platform allowing greater efficiency and online capabilities for licensees.

- Platform and integration partner have been selected and work has begun to tailor the design to meet current and future needs, including a new user-centric interface.

We are incorporating DEI (diversity, equity and inclusion) principles in the development of policies for licensees, examinees and the public to increase accessibility to our services and disciplinary process.

An accommodation policy has been developed to support individuals to gain fair access to Insurance Council services and amenities.

Insurance Council by the Numbers

Licensing

48,064

Individual Licences

Life and Accident & Sickness

23,429	Active
1,386	Inactive
9	Suspended
2,884	Cancelled

Accident & Sickness

517	Active
71	Inactive
0	Suspended
160	Cancelled

General

19,524	Active
2,078	Inactive
4	Suspended
2,225	Cancelled

Adjuster

974	Active
72	Inactive
0	Suspended
150	Cancelled

4,586

Firm/Agency Licences

Life and Accident & Sickness Agencies

3,197	Active
16	Suspended
233	Cancelled

Accident & Sickness Agencies

26	Active
0	Suspended
1	Cancelled

General Agencies

997	Active
1	Suspended
82	Cancelled

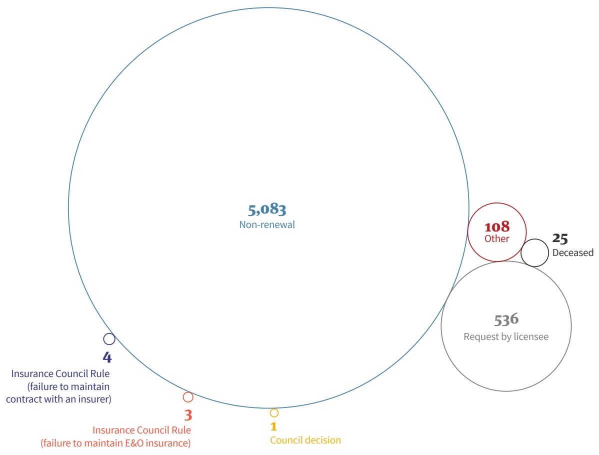
Adjuster Firms

77	Active
1	Suspended
4	Cancelled

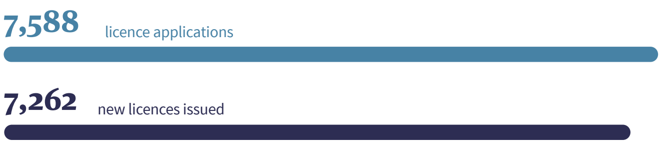
Restricted Travel Agencies/ Sole-proprietors

271	Active
0	Suspended
21	Cancelled

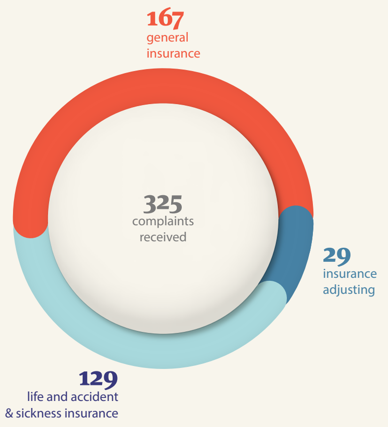
Reason for Licence Cancellation



New Licences



Complaints



332
complaints closed

106
days average to resolve complaints

Investigation and Discipline

Top trends in complaints resulting in disciplinary action:

○ Misappropriation of funds/fraud
○ Unsuitable recommendations by agents
○ Failed to properly place insurance as instructed

Investigations

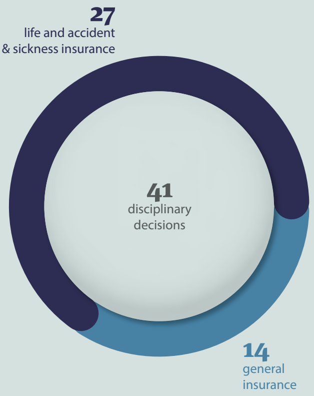
121 new investigations opened

106 investigations carried forward

92 investigations closed

5 licensee suspensions

1 licence cancellation



Hearings and Appeals

1 Financial Services Tribunal review concluded

1 hearing concluded

Fines

$153,000 in fines assessed

$67,290 in assessed investigative and hearing costs

Financial Review

The audited financial statements for the fiscal year ending May 31, 2024, include the Insurance Council's financial position, statement of operations, statement of changes in net assets, statement of cashflows, and notes to the financial statements, including a summary of significant accounting policies. These statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

The Insurance Council's June 1, 2023 – May 31, 2024 financial statements have been audited by the independent firm Smythe LLP and are available on our website:

insurancecouncilofbc.com/annualreport

1400-745 Thurlow Street
Vancouver, BC V6E 0C5
insurancecouncilofbc.com