



7 February 2022

Stacey Aubrey,  
Executive Director  
Insurance Council of Manitoba  
466 – 167 Lombard Ave.  
Winnipeg, MB, R3B 0T6

contactus@icm.mb.ca

Dear Ms. Aubrey,

**Re: Notice of Consultation – Potential change to Manitoba’s General Insurance Licensing Rules**

**Introduction**

The Canadian Association of Direct Relationship Insurers (CADRI) is the voice of insurance enterprises that offer automobile, home, and commercial insurance directly to Canadians. Our members are national companies with employee agents working from coast to coast. These companies have robust compliance systems to ensure that customers are protected, rules are followed, and reputations remain intact.

We appreciate that the Manitoba Insurance Council (the Council) is reviewing the rule which prohibits Level 1 insurance agents from working remotely on an ongoing basis. We do foresee a continuing need for Manitoba-based Level 1 agents to work remotely going forward. Therefore, we support a change to the rule that would, in effect, make the current temporary exemption permanent.

Also, we would like to reiterate and demonstrate that our members’ exhaustive training and supervision of their employee and exclusive agents seeks to ensure fair treatment of their clients. In this context, we recommend that the Council set out a principle-based approach to the supervision of Level 1s, wherever they are working.

CADRI generally endorses a principles-based, risk-based and outcome-focused approach to regulation, including:

- Regulatory resources focused on the marketplace risks with the greatest impact and likelihood.
- A principles-versus rules-based approach allowing organizations to innovate and to meet regulatory intent at lower costs.
- A focus on consumer benefits encouraging affordability, innovation, and competition.

Specifically, it is time to reconsider the scope of activities that Level 1s can perform. We submit that they be allowed to bind both auto and home policies – no matter where they are working. Safeguards are in place such that Level 1s have necessary access to Level 2 or 3 supervisors. The onus should remain on the insurer or agency and its direct representative to ensure that the appropriate level of supervision is in place to protect consumers' interest.

### **Working remotely during the pandemic and after**

The current COVID-19 global pandemic has accelerated many trends including that many insurance companies, including our members, moved most of their workforce home. This includes those once working in customer care or call centres. We believe that many of these employees and exclusive agents will continue to work a good deal of time remotely from home because insurers are moving towards a hybrid, virtual/in-person work environment post-pandemic.

Working remotely is not only safe for employee and secure for customers during the pandemic but allows the flexibility for post-pandemic business models. In addition, it enables our members to hire from a wider pool of potential applicants on an ongoing basis – particularly people who live outside of urban centres and may be multilingual or from Indigenous communities.

With almost two years' of experience regulating a workforce that works remotely, we recommend that the Council **revise** Rule 3(2) to read:

*“The holder of a licence issued under subsection (1) is authorized to sell, inside **or outside** the office of a general insurance agency...”*

and that the Superintendent approve this change. Alternatively, all references to work in a geographic location could be deleted.

### **Supervising insurance agents today**

What better way to walk the Council through our members' approach to supervision than a video that demonstrates that supervisors are well placed to oversee the work of their teams, even if they are working in different geographic locations. Please view our video, “Supervising agents in a virtual offices”: [CLICK HERE](#).

“Supervising agents in virtual offices” spells out that agents are screened before they are hired and complete up to three months of formal facilitated training. While on the job, they receive ongoing coaching and skills upgrading; must demonstrate self-sufficiency and develop a strong record for underwriting and productivity.

## CADRI Response to MB General Insurance Rules

Supervision has many safeguards. Agents have full access to all the insurers' systems and data, and daily transactions are VPN secured. Employees have direct access to supervisors, colleagues and IT allowing them to do their jobs efficiently and effectively while meeting regulatory requirements.

In the context of demonstrating thorough oversight of Level 1 agents, one can better understand CADRI members' concerns about the limitations the Council has placed on agents working remotely through its interpretative bulletins and Frequently Ask Questions. The requirement to have any change to a policy reviewed by a Level 2 or 3 agent means there are fewer people to serve customers than might otherwise be available. What's more, it discourages insurance companies from hiring or licensing Manitoba-based Level 1 agents as they can neither work remotely nor make the necessary changes to policies without policy-by-policy review by supervisors.

We have discussed these issues with the Council at length and have attached 18 October 2021 correspondence outlining our concerns in detail.

We recommend that the Council remove the requirements that prevent Level 1 agents from providing their clients with changes to policies or renewals and take a more principle-based approach – no matter whether the agents work inside or outside the office.

### **Conclusion**

Once again, we appreciate the Council's openness to reviewing Rules 3(1) and 3(2) relative to the changed nature of the workplace and the exemplary supervisory regimes our members have put in place.

We support a principle-based approach to regulation.

We recommend the Council **revise** Rule 3(2) to read:

*"The holder of a licence issued under subsection (1) is authorized to sell, inside **or outside** the office of a general insurance agency..."*

and that the Superintendent approve this change, or alternatively, all references to geographic location be deleted.

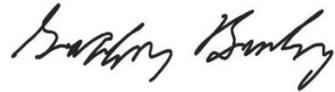
Finally, we recommend that prescriptive measures prohibiting Level 1 agents from binding home or auto policy sales or renewing home or auto policies that require changes, be eliminated to the benefit of the workplace, the workforce and insurers' ability to service Manitobans.

CADRI Response to MB General Insurance Rules

Supervision can be remote or in-person provided that the safeguards are in place such as access to a Level 2 or 3 agent to assist. The onus remains on the insurer to ensure the appropriate level of supervision is in place.

We would be pleased to discuss these matters further at your request.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Geoff Beechey". The signature is written in a cursive, flowing style.

Geoff Beechey  
Chair and CEO  
CADRI

Attachment

cc:

CADRI Board of Directors  
CADRI Licensing Task Force  
CADRI Western Committee

Scott Moore, Superintendent of Insurance  
Stacey Aubrey, Executive Director, Manitoba Insurance Council

Tim Morrison, Director, Government Relations, Western, IBC