



CADRI

CANADIAN ASSOCIATION
OF DIRECT RELATIONSHIP
INSURERS

11 May 2021

Mr. Brett Thibault
Director, Governance & Stakeholder Engagement
Insurance Council of BC
Suite 300–1040 West Georgia Street
P.O. Box 7
Vancouver, BC, V6E 4H1

consultation@insurancecouncilofbc.com

Dear Mr. Thibault,

Re: Consultation on Rules 5 and 6(1)(b)

The Canadian Association of Direct Relationship Insurers (CADRI) is the voice of insurance enterprises that offer automobile, home, and commercial insurance directly to Canadians. We advocate for flexible and evolving regulatory and legislative frameworks governing automobile, property, and commercial insurance to enable product and service innovation so that Canadians can easily choose insurance that serves their needs through the delivery channels of their choice.

CADRI appreciates the opportunity to comment on the Insurance Council of BC's (the Council's) draft amendments to Rules 5 and 6(1)(b) on fees and location restrictions for Level 1 General Insurance Salespersons.

Rule 5 Recommendation: The Council should phase in any fee increases at a reasonable rate that can be tolerated by the marketplace.

CADRI welcomes that the Council has invested in web-based services for licenses and agencies and is committed to modernizing its processes. We value operational improvements to advance oversight. We also understand the Council's fee schedule has remained static for 12 years and that the Council is a self-funded agency.

That said, the proposed fee maximums signal that BC could become the most expensive licensing regime in the country, and, depending on the rate at which the increases are introduced, the impact could be significant on our members.

We urge the Council to review its budget and its planned fee increases accordingly.

Rule 6(1)(b) Recommendation: The Council should provide exemptions from the six-month in-office requirement to companies who can demonstrate robust onboarding, training, and supervision procedures.

The Council moved quickly to allow agents to work outside the agency at the outset of the pandemic and its extension of the exemption to 2021 is appreciated. These accommodations enabled insurers to focus on their employees' and exclusive agents' health and safety without sacrificing customer service.

Our members currently anticipate that most of their agents will continue to work off-site from traditional call centres or have a 'hybrid' workplace wherein they work from home and go into the office only occasionally. In this context, the Council's current proposal that a Level I agent spend six of 24 months in the office does not necessarily afford the flexibility the Council may have intended.

CADRI members are national entities with structured, tiered staffing models to ensure excellent supervision of all employee and exclusive agents both in the office and virtually. Prior to contacting customers, agents undergo thorough background checks and rigorous training – ranging from six to 12 weeks – to ensure compliance with regulations, company policies and delivery on customer service commitments and fair treatment of consumers. After licensing, agents continuously update their skills and knowledge. Thus, the very nature of direct-relationship insurers' corporate structures and internal controls ensure that they comply with regulatory frameworks and protect consumers' interests.

CADRI would like to propose that the Council consider an exemption from Rule 6(1)(b) if certain criteria are met by the insurer and its Level 1 agent. These conditions would address any reservations the Council may have about the virtual work environment and consumer protection. One option for an exemption would be to allow a company to file a supervision plan whereby they could demonstrate how they onboard, train and supervise staff who work from home. This would allow those companies with the processes and technology in place to provide flexibility to employees while maintaining quality customer service. We would be pleased to discuss any options the Council may be considering, and to provide advice on the practicality of implementation.

Conclusion

CADRI welcomes the opportunity to comment on the Council's proposed changes to Rule 5 and 6(1)(b).

The Council plays an important role ensuring that those living in BC receive insurance advice from reliable, qualified agents.

We appreciate the Council's need to modernize its fee structure to be self-financing. However, we recommend it take another look at the escalation of fees as they compare to other jurisdictions and phase in any increases at a reasonable pace.

We compliment the Council's swift action a year ago which enabled agents to work safely through virtual environments. Because we see this work arrangement becoming the norm, we urge the Council to explore options which do not require a Level I agent to spend six months in the office in a two-year period. Our members' onboarding, training and supervisory procedures have eliminated the need for that in-person experience. We recommend that the Council provide exemptions from the six-month in-office requirement to companies who can demonstrate robust onboarding, training, and supervision procedures.

CADRI comments on Insurance Council BC Rules 5 and 6(1)(b)

We would be pleased to explore our position in further detail and contribute to any alternatives the Council is contemplating.

Yours sincerely,

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

Geoffrey Beechey
Chair & CEO
CADRI

Cc:

Brett Thibault, VP, Stakeholder Engagement, Insurance Council of BC

Kandace Hopkins, Director, Practice and Quality Assurance, Insurance Council of BC

CADRI Board of Directors
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