

NAVIGATING NON-COMPLIANCE

Insights from AIC on Recent
Trends in the Insurance Industry



RULES

By Amber Masikewich

Compliance is more than adhering to regulatory standards.

It significantly improves your capacity to meet your client's needs and guarantees you deliver the best possible service. Following regulations can also help you maintain smooth business operations, furthering your credibility with clients. The Alberta Insurance Council (AIC) is available to offer guidance and share insights into recent compliance trends in the industry. Staying knowledgeable about these trends will keep your compliance skills up to date.

Improper Advertising

In 2023, improper advertising by brokerages and individuals was an issue. Many brokers advertised themselves in ways that did not match what was specifically printed on their certificates of authority (i.e. licenses). For instance,

some brokers working for a brokerage presented themselves as independent entities, which is a misrepresentation and a violation of the Insurance Act.

Regulations also mandate that a broker's/brokerage's branding and communications (e.g., website, email signatures, letterhead, voicemail greetings, business cards, etc.) must match their license, with no deviations—for example, John Smith representing ABC Services Inc. must advertise all services in the name of ABC Services Inc.

Both individuals and brokerages must always advertise using the name printed on their licenses and clearly communicate their affiliations and the capacity in which they are providing services. This includes using appropriate disclosures if you represent multiple insurers as a broker. Any misrepresentations, even if unintentional, can result in compliance issues and confusion for potential clients

about who they are doing business with and the services you offer.

General Level 1 Agent Supervision

Compliance issues occur when brokerages fail to establish clear supervisory policies for brokers holding a general level 1 license or neglect to enforce existing policies. It is up to each brokerage to define its supervision requirements and create appropriate policies to ensure brokers adhere to regulations and receive proper guidance.

Brokers should actively review their brokerage's supervisory policies to ensure compliance with regulatory standards and to access the support they need to excel in their roles. This supervision requirement is a helpful tool that can elevate the knowledge and growth of both new and experienced brokers.

E&O Insurance

AIC has identified several coverage gaps in errors and omissions (E&O)

insurance compliance. Essential requirements include matching the policy name with your license and providing coverage for all employees and independent contractors.

It is crucial to understand how you are licensed—whether you are a sole proprietor, employee or corporation—and ensure your E&O policy aligns with the type of license you hold. This also applies to when you are selling E&O insurance. It is important to understand how your client is licensed to ensure you are recommending the correct type of policy for their licensing. Proper E&O coverage avoids failed audits and reduces the possibility of liabilities in your work.

Continuing Education Requirements

Continuing education (CE) audits are crucial components of AIC's audit processes, ensuring that brokers maintain their professional expertise and stay current with industry standards. To ensure compliance with

CE requirements, you should maintain proper CE records and correctly enter Alberta-accredited course numbers. This proactive measure helps you stay compliant, and constantly updating your education will enable you to offer your clients the best advice in times of change. (Hot tip: Check the AIC website's "course look up" to view Alberta-accredited courses.)

Audits

AIC recommends keeping your E&O and CE records for at least four years to ensure all necessary documentation is available if requested during an audit. In addition, it may be beneficial to consult with each insurer you work with to determine their specific requirements and ensure you meet your contractual obligations and the Alberta privacy legislation. Brokerages should also create policies for record retention.

New AIC Approach

AIC has recently shifted to a more educational approach to address

misunderstandings in compliance within the insurance industry. Some of those efforts include conducting risk-based audits and developing resources such as information bulletins, webinars and new CE courses. These initiatives are intended to ensure compliance, allow AIC to work more closely with agents and brokers, and provide them with regulatory know-how to enhance their business operations.

For further guidance and resources, brokers are encouraged to visit the AIC website (abcouncil.ab.ca), refer to the Insurance Act and engage with their designated representatives to thoroughly understand their responsibilities and Alberta legislation.

AMBER MASIKEWICH is a compliance investigator with Alberta Insurance Council. She has previous experience working in claims for a general insurance company, including as team lead of a claim reporting centre and is committed to providing key information to others so they are empowered to make the best decisions for themselves.



sandbox
mutual insurance

Sandbox's FarmSecure

Sandbox makes farm insurance delightfully simple and fun with three packages and boxes.

- Property Protection**
Protects the policyholder's farmland and property, as well as against unnecessary costs, too.
- Production Protection**
It's the little things!
Protects those farm inputs and outputs.
- Equipment Protection**
A package to protect harvesting and non-harvesting machinery and equipment.
- Farm Business Box**
Protect 160 acres or over farmland and business with this box.
- Farm Lifestyle Box**
Protects the lifestyle, farm animals, farm structures, and, of course, the policyholder.
- Buzz Box**
Protects the policyholder, their busy bees, and all the liquid gold that comes with it.

Delightfully Simple Insurance sandbox.ca