

**Agenda Item 4(a)(iii)**  
**January 17/23 EOC Meeting**

**From:** Brendan Wycks

**Sent:** December-14-22 10:22 AM

**To:** CAFII Board and EOC Members and Board Surrogates

**Cc:** Keith Martin <Keith.Martin@cafii.com>; Jake Becker <jake.becker@cafii.com>; 'Rose, Laura' <Laura.Rose@tdinsurance.com>; 'Wenda Robinson' <wenda\_robinson@cooperators.ca>; 'Jason Powell' <Jason.Powell@valeyo.com>; 'D'Erasmio, Alba' <ALBA.DERASMO@bmo.com>; Sarorth Min <Sarorth\_Min@manulife.ca>

**Subject:** FCNB Publishes Notices To Industry Regarding Implementation of Rule INS-001 Insurance Intermediaries Licensing and Obligations and Rule INS-002 Insurance Fees; and Related Transition Information

**CAFII Board Members, EOC Members, and Board Surrogates:**

For your information and early awareness, the Financial Consumer and Services Commission of New Brunswick has just published on its website, on December 13/22 and December 14/22, two CAFII member-relevant *Notices to Industry* with respect to the coming into force of

*Rule INS-001 Insurance Intermediaries Licensing and Obligations and Rule INS-002 Insurance Fees on February 1, 2023*, which includes the launch of the province's "new licensing framework for a restricted insurance representative for the incidental sale of insurance products."

Links to those two Notices are provided below; and their content is also set out below in the body of this email message, beneath my signature block.

Of particular note,

- businesses that will be required to obtain a Restricted Insurance Representative licence, as defined in the Rule, will have up to 90 days to submit a completed application to obtain the licence. Applications may be submitted via the [FCNB licensing Portal](#) beginning 1 February 2023; and
- FCNB will provide additional information in future communications on the following topics:

-Transition provisions for existing intermediary licensees (*addressed in December 14/22 Notice to Industry*);

-Supervision expectations; and

-Responsibilities of the Designated Representative for agencies, managing general agents, adjusting firms and restricted insurance representatives.

[Insurance Notice: Notice to Industry regarding implementation of Rule INS-001 Insurance Intermediaries Licensing and Obligations and Rule INS-002 Insurance Fees | New Brunswick Financial and Consumer Services Commission \(FCNB\)](#)

[Insurance Notice: Notice to Industry with Transition Information – Update Intermediary Licences based on requirements of Rule INS-001 Insurance Intermediaries Licensing and Obligations | New Brunswick Financial and Consumer Services Commission \(FCNB\)](#)

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### **Insurance Notice: Notice to Industry regarding implementation of Rule INS-001 Insurance Intermediaries Licensing and Obligations and Rule INS-002 Insurance Fees**

On 9 November 2022, the Financial and Consumer Services Commission (FCNB) received Ministerial Approval to adopt [Rule INS-001 Insurance Intermediaries Licensing and Obligations](#) and [Rule INS-002 Insurance Fees](#).

The Rules are expected to come into force on 1 February 2023. Updates to the regulatory framework, resulting from changes to the Insurance Act, will result in the repeal of five existing regulations:

- *Adjusters Regulation (Regulation 2009-52),*
- *Agents and Brokers Regulation (Regulation 95-5),*
- *Licence and Examination Fees for Agents and Brokers Regulation (Regulation 83-197),*
- *Licence Revival Fee Regulation (Regulation 84-73), and*
- *Life Insurance Agent Licensing Regulation (Regulation 2003-36).*

### **Regulatory Requirements**

The [\*\*Rule INS-001 Insurance Intermediaries Licensing and Obligations\*\*](#) provides full details of the updated licensing requirements for insurance intermediaries in New Brunswick. In summary, the Rule outlines the following:

- The licensing requirements for all insurance intermediaries, which include a simplified framework for adjusters and general insurance agents;
- The transitional provisions that provide detail for current licensees who will have their licence types updated under the new licensing framework;
- The new licensing framework for an agency, adjusting firm, and managing general agent licence type;
- The new licensing framework for a restricted insurance representative for the incidental sale of insurance products;
- The educational and experience requirements for intermediaries;
- The updated eligibility criteria for a two-year licence;
- The errors and omissions insurance requirements for intermediaries;
- The supervision requirements for intermediaries;
- The market conduct standards and prohibited activities for intermediaries; and
- The updated trust account requirements.

[\*\*Rule INS-002 Insurance Fees\*\*](#) outlines the non-refundable application fee information for all licence types.

## Expectations

The Insurance Division of FCNB expects current insurance industry licensees (Insurers and Intermediaries) to familiarize themselves with the [\*\*Rule INS-001 Insurance Intermediaries Licensing and Obligations\*\*](#); allowing them to comply with the licensing and market conduct expectations when the Rule comes into force.

Insurers are also expected to communicate with all firms in their distribution networks to ensure the new licensing requirements for agencies, managing general agents, adjusting firms and restricted insurance representatives are understood.

Firms must be prepared to become licensed by submitting the appropriate application through the [\*\*FCNB licensing Portal\*\*](#). Current and potential licensees should add [\*\*portal@fcnbc.ca\*\*](mailto:portal@fcnbc.ca) to their safe-senders email list settings to ensure they receive communications from FCNB.

Once [\*\*Rule INS-001 Insurance Intermediaries Licensing and Obligations\*\*](#) comes into force on **1 February 2023**, agencies, adjusting firms and managing general agents conducting insurance business in New Brunswick will have up to 60 days to submit a completed application to obtain the licence. Businesses that will be required to obtain a Restricted Insurance Representative licence, as defined in the Rule, will have up to 90 days to submit a completed application to

obtain the licence. Applications may be submitted via the [FCNB licensing Portal](#) beginning 1 February 2023.

FCNB will provide additional information in future communications on the following topics:

- Transition provisions for existing intermediary licensees;
- Supervision expectations; and
- Responsibilities of the Designated Representative for agencies, managing general agents, adjusting firms and restricted insurance representatives.

For any questions on this notice or the implementation of the Rules, contact the Insurance Division of FCNB at 866-933-2222 or by email at [info@fcnb.ca](mailto:info@fcnb.ca).

### **Insurance Notice: Notice to Industry with Transition Information – Update Intermediary Licences based on requirements of Rule INS-001 Insurance Intermediaries Licensing and Obligations**

In preparation for the implementation of [Rule INS-001 - Insurance Intermediaries Licensing and Obligations](#) (“the Rule”), the Financial and Consumer Services Commission (FCNB) is providing further information regarding the transition of existing licensees under the Rule.

Most licence types that exist under the current licensing regulations of the Insurance Act in New Brunswick will be automatically updated in the FCNB licensing system on 1 February 2023, the anticipated date on which the Rule comes into force. Existing licensees will need to download and print a copy of their new licence. Please review the tables below to see if any action is required based on your existing licence type.

**Please note:** all General Insurance licences are now “agent” licences. However, an insurance “agent” licensee may still hold themselves out as a “broker” if the “agent” is party to two or more subsisting agency contracts with different insurers.

Life insurance agent licences	Updated licence type	Action required
Life agent licence	Life insurance agent licence	No action required by licensee
Life, accident and sickness agent licence	Life insurance agent licence	No action required by licensee
Accident and sickness agent licence	Accident and sickness insurance agent licence	No action required by licensee
Other than life insurance agent or broker licences	Updated licence type	Action required

Agent licence, class I	Level 1 general insurance agent licence	No action required by licensee
Agent licence, class II	Level 1, 2 or 3 general insurance agent licence	Licensee to request a general insurance agent licence type upon renewal, if not contacted by FCNB prior to expiry date
Broker licence, class I	Level 1 general insurance agent licence	No action required by licensee
Broker licence, class II	Level 1 general insurance agent licence	No action required by licensee
Broker licence, class III	Level 2 general insurance agent licence	No action required by licensee
Broker licence, class IV	Level 3 general insurance agent licence	No action required by licensee
Non-resident agent or broker licence	Level 1, 2 or 3 general insurance agent licence	Licensee to request a general insurance agent licence type upon renewal, if not contacted by FCNB prior to expiry date
<b>Adjuster licences</b>		<b>Updated licence type</b>
Level 1 probationary adjuster licence	Level 1 assistant adjuster licence	No action required by licensee
Level 2 assistant adjuster licence	Level 1 assistant adjuster licence	No action required by licensee
Any specialization of Level 3 adjuster licence	Level 2 adjuster licence	No action required by licensee
Level 4 adjuster licence	Level 3 adjuster licence	No action required by licensee
<b>Other licences</b>		<b>Updated licence type</b>
Travel insurance agent licence	Travel insurance agent licence	No action required by licensee
Special insurance broker licence	Special insurance broker licence	No action required by licensee

As outlined above, the following licence types will not automatically update:

- **Non-Resident – Other than life insurance agent or broker licence**
- **Resident Agent – Class II licence**

**These existing licences will remain valid if no action is taken before its current expiry date.**

Upon renewal, holders of these licences will be asked to review the details of the [licensing qualifications and educational requirements](#) and select the appropriate General Insurance Agent licence type (Level 1, 2, or 3). Licensees will be asked to submit details of any **educational courses and/or equivalent experience** they have completed. For the purposes of the transition, if a licensee does not have the required courses, FCNB will assess their experience to determine the appropriate licence level.

FCNB will attempt to proactively contact licensees who currently hold a Non-Resident - Other than life insurance agent or broker licence or a Resident Agent – Class II licence before their current licence expiry date to request this information. This will assist the licensing team in updating these licences in an efficient manner.

Licensees should add [portal@fcnb.ca](mailto:portal@fcnb.ca) to their safe-senders email list settings to ensure they receive communications from FCNB.

For any questions on the transitional provisions (Part 16) of the [\*\*Rule INS-001 - Insurance Intermediaries Licensing and Obligations\*\*](#), contact the Insurance Division of FCNB at 866-933-2222 or by email at [insurance.licensing@fcnb.ca](mailto:insurance.licensing@fcnb.ca).