



# ALBERTA INSURANCE COUNCIL

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## STRATEGIC PLAN 2017-2022

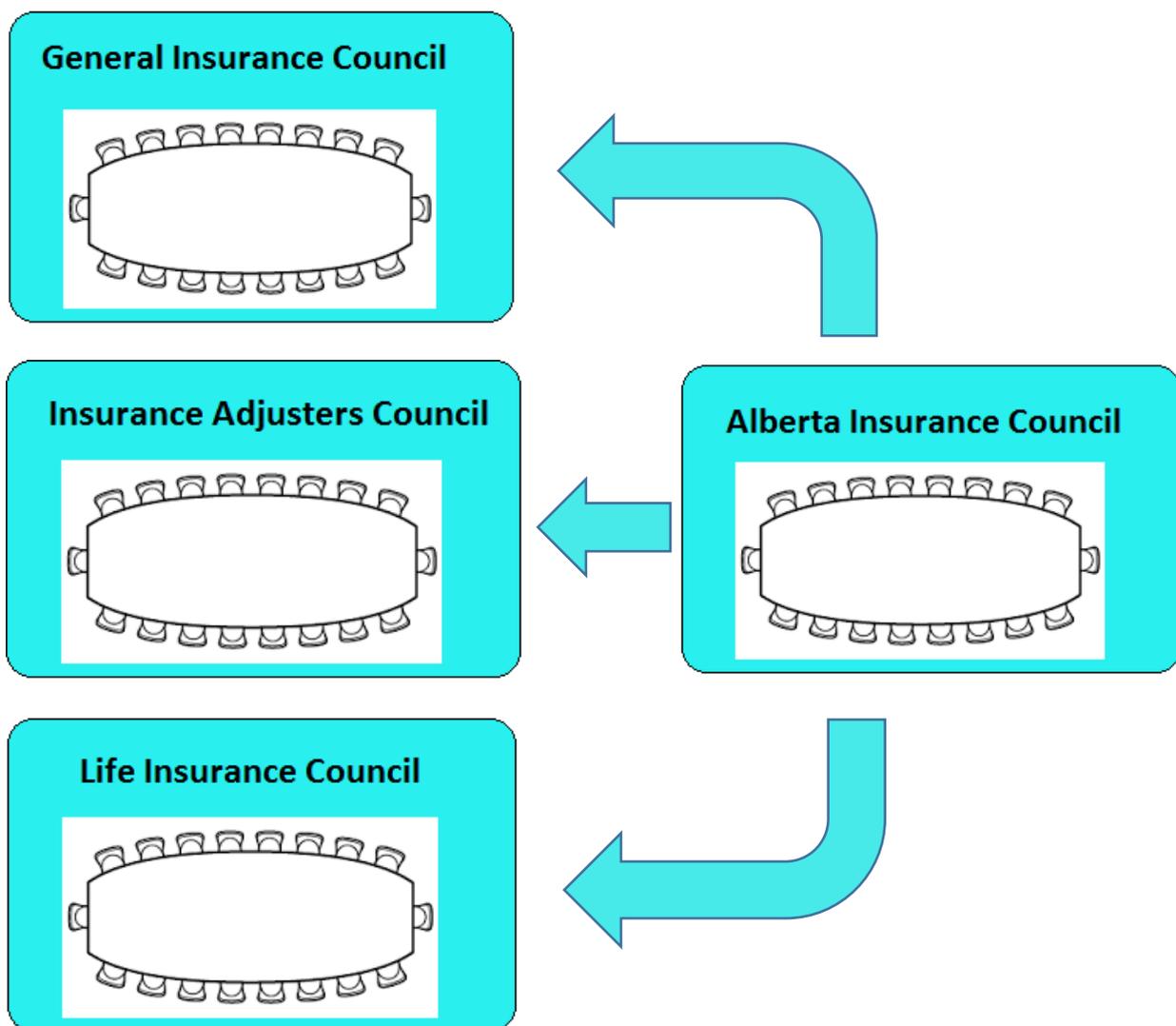
January 2017

## Playing Vital Roles in The Regulation of Insurance

The **Alberta Insurance Council** serves as the financial and administrative arm of three other insurance councils in Alberta:

- the **General Insurance Council**
- the **Insurance Adjusters Council**; and
- the **Life Insurance Council**.

Formed under Alberta's Insurance Act, the four councils work together to help protect consumers of insurance products in Alberta.



The insurance councils form part of the overall regulatory system for the insurance industry in Alberta.

Each day, a wide range of insurance products are bought and sold in Alberta by individuals, businesses and other organizations.

These insurance products are developed and offered by **insurance companies**, which are regulated under the Insurance Act. Every insurance company that does business in Alberta must be licensed to do so. Insurance companies that operate in Alberta are licensed and regulated by the Alberta Superintendent of Insurance.

An insurance company's products are sold to consumers through a number of channels, primarily brokers and agents. These **intermediaries** are paid by insurance companies for their efforts when they help consumers purchase insurance products. Another type of intermediary, independent insurance adjusters, are paid by insurance companies to provide services when a consumer makes a claim under their insurance product.

Given their position in the insurance marketplace between consumers and companies, intermediaries are influential and important players in the insurance industry. As such, they are also subject to regulation under the Insurance Act.

This is where Alberta's insurance councils play vital roles.

The **General Insurance Council**, the **Life Insurance Council** and the **Insurance Adjusters' Council** are the regulatory bodies responsible for licensing and discipline of insurance brokers, agents and independent adjusters in Alberta.

Effectively, the councils regulate the networks of intermediaries in Alberta's insurance industry, helping ensure consumers are served by an insurance industry that has appropriate training and operates fairly and honestly.

As part of their work, the insurance councils:

- determine and establish the education and other licensing requirements for brokers, agents and independent adjusters in Alberta;
- ensure brokers, agents and independent adjusters are certified in accordance with Alberta legislation;
- ensure that brokers, agents and independent adjusters in Alberta transact business in accordance with Alberta's regulatory framework for insurance;
- receive, review and investigate complaints about brokers, agents and independent adjusters in Alberta;
- handle discipline of non-compliant brokers, agents and independent adjusters in Alberta; and
- provide administrative services and support to the Alberta Accreditation Committee, whose responsibilities include the review and accreditation of

continuing education programs for brokers, agents and independent insurance adjusters.

## Working to Safeguard the Public Interest

Under the Insurance Act, Alberta's Minister of Treasury Board and Finance delegates authority to the General Insurance Council, the Life Insurance Council and the Insurance Adjusters' Council to serve as regulatory bodies for intermediaries in the insurance industry.

Each council is responsible for different aspects of the industry:

- the Life Insurance Council has regulatory responsibility for certificates of authority in respect of life insurance and accident and sickness insurance;
- the General Insurance Council has regulatory responsibility for certificates of authority in respect of general insurance classes (e.g., property and casualty insurance);
- the Insurance Adjusters' Council has regulatory responsibility for certificates of authority in respect of the adjustment of claims made under a policy of insurance.

This means that the insurance councils work **on behalf of Albertans**, not on behalf of insurance companies or the insurance industry.

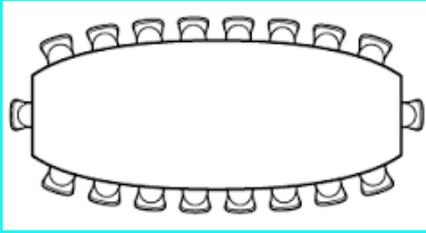
A number of industry and trade associations in Canada provide advocacy and other services for members of the insurance industry. While membership or participation in such organizations is optional for intermediaries operating in Alberta, certification by Alberta's insurance councils is not.

The compositions of the General Insurance Council, the Life Insurance Council and the Insurance Adjusters' Council support the concept of "peer regulation", which underlies the councils' regulatory approach.

Each council is comprised of Public Members appointed by the Government of Alberta through Orders in Council and representatives from the insurance industry. This composition ensures that each council is infused with necessary expertise regarding proper practices in the insurance industry as it safeguards the public interest.

As the financial and administrative arm, the Alberta Insurance Council is comprised of two Public Members and a representative from each of the other three insurance councils.

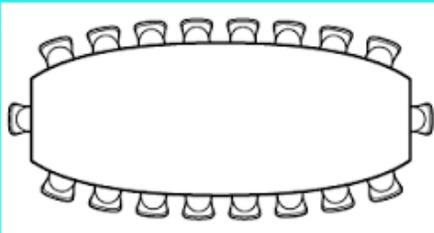
## General Insurance Council



### MEMBERS

Elected Broker Representatives	3
Appointed Direct Writer Representatives	2
Appointed Insurer Representative	1
Appointed Public Members	2

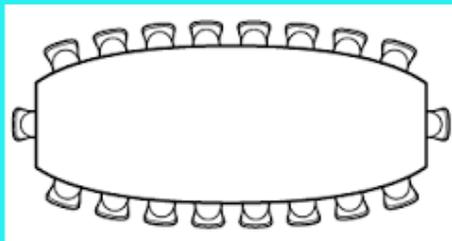
## Insurance Adjusters Council



### MEMBERS

Elected Independent Adjusters	2
Appointed Insurer Representative	1
Appointed Public Members	1

## Life Insurance Council



### MEMBERS

Elected Agent Representatives	2
Appointed Insurer Representative	2
Appointed Public Members	2

## Our Mission

Protect the Alberta insurance consumer through the regulation of insurance intermediaries.

## Our Vision

The Alberta Insurance Council will be viewed by consumers, government and industry as the premier Canadian insurance regulator.

## Our Values

Fair – We are fair, balanced and transparent in our enforcement of regulations.

Independent – We interpret and apply regulations objectively, free from external influences.

Customer-focused – We are responsive to the needs of insurance consumers in Alberta and our stakeholders.

Accountable – We are accountable to the Government of Alberta for fulfilling our mandate in an effective and fiscally responsible manner.

Respect – We value people and treat them with dignity.

## Protecting Consumers in a Changing Insurance Landscape

Today's world is more populated and more interconnected than ever before. It's one where Alberta families and Alberta businesses have access to an increasingly diverse range of goods and services. It's one where communities and organizations confront challenges and opportunities on a daily basis. And it's one where success and progress depend on trying new things, exploring uncharted pathways and working with many others in increasingly complicated relationships.

Against this backdrop, the work of Alberta's insurance councils is taking on increasing significance.

Arguably, there has been more change in the insurance industry during the past few years than over the previous few decades.

- New insurance products are introduced into the marketplace on a frequent basis. Like many other industries, the insurance industry is constantly evolving in response to market demands. As society becomes busier and more complex so too do the number and size of risks and, in response, the number of insurance products available to consumers. A dizzying array of products are now offered by insurance companies, with more developed and offered each day. This trend is only expected to continue, and insurance intermediaries in Alberta are there to help consumers navigate and connect with these products.
- Insurance products are increasingly complex. In addition to offering new types of insurance products, companies are offering products that are more complicated in nature. Insurance plans are shifting away from their traditional structures and coverages, as they deal with changing levels of risk and ever-present cost concerns. Now more than ever, insurance consumers in Alberta need to understand what they are buying and appreciate the scope of their insurance coverage. As a key component of the sales chain, insurance intermediaries take on particular significance here.
- Areas of health insurance could open up to consumers as never before. Currently in Alberta, as in many provinces, it is not legal for people to purchase private insurance for medically necessary services that are already covered by the government-funded health system. Over the past number of years, court cases have been launched to challenge the constitutionality of this ban (e.g., the Chaoulli case in Quebec, and most recently the Day case in British Columbia.) Depending on how courts rule, Albertans may end up having the ability to access and purchase new areas of health insurance coverage as never before. This would give rise to a new landscape of consumer protection issues, raising the importance of having well-trained and well-informed insurance intermediaries.

- Cost sensitivities are challenging insurance companies, intermediaries and consumers. As markets evolve and economic conditions change, insurance companies have an interest in containing their costs. So too do insurance consumers, who bring cost expectations into play when they make claims under the insurance products they have purchased. These dynamics are leading to more conflicts between insurance companies and consumers. As the people who have helped connect consumers with insurance products, intermediaries can also be pulled into disputes and become the subjects of consumer complaints. Complaints from insurance consumers, and the investigation and compliance processes that arise from them, must be handled fairly, effectively and efficiently.
- Technology is changing everything. Advances in technology have brought about seismic shifts in all industries, and insurance is no different. Internet, portable devices and social media are disrupting old business models and shifted consumer expectations in terms of speed, access and cost. In response, insurance intermediaries are adapting their operations and how they engage consumers. Amid all of this change, the insurance Councils need to ensure that consumers are protected and that intermediaries are conducting themselves in accordance with provincial regulations.
- Consumers must interact with new and changing distribution models and practices. As a business strategy, insurance companies are increasingly occupying the various channels used to sell insurance products. At the same time, there has been consolidation among insurance brokerages. The result is that it is not always clear to a consumer from whom or through whom they are purchasing an insurance product. This has implications in terms of what information a consumer is provided when they purchase a product, and raises questions about how best to protect consumers.
- Insurance products increasingly play roles in *Albertans'* financial planning. Much has been written in recent years about numerous factors that may challenge Albertans financially during their 'golden years'. With defined-benefit pensions now largely a thing of the past, people will need to save more during their working years – a task that is proving challenging. Research suggests that Canadians are not putting enough money away for their future, due to various factors such as stagnant wages, higher costs of living, larger debt loads and lower levels of financial literacy generally. This stands to present a challenge to governments and taxpayers as Alberta's population ages. The insurance industry is now marketing its products as solutions that can help people manage their debt loads and plan for their future financial needs. Albertans will increasingly be placing their trust in intermediaries to help connect them with the right products so that they can be more financially secure in older years.

As important players in the regulatory system, Alberta's insurance councils need to be cognizant of the changing insurance landscape, and position ourselves strategically to effectively protect insurance consumers in Alberta.

## Setting our Strategic Direction

### GOAL ONE

**Alberta's regulatory framework for insurance intermediaries remains effective and efficient.**

#### WHAT IT MEANS

As the insurance industry continues to evolve, Alberta's regulatory framework for insurance needs to keep pace so that it can effectively protect consumers. To that end, Alberta's insurance councils work with the Government of Alberta and stakeholders to help ensure the regulatory framework recognizes and reflects the changing businesses of insurance intermediaries.

In this capacity, the Alberta Insurance Council strives for a careful balance. While appropriate regulations must be in place, these should not add unnecessary administrative burdens to the businesses of insurance intermediaries. Achieving this careful balance helps safeguard consumers of insurance products, while enabling them to realize benefits from the evolving marketplace such as lower costs and better access to a diverse range of products.

One way in which the insurance industry has notably evolved in recent years is the emergence of Managing General Agents (MGAs). These are large brokerages, primarily in life insurance and accident and sickness insurance, that insurance companies contract to manage certain responsibilities. While MGAs can provide intermediaries with access to greater ranges of products and markets, they can also engage compliance issues. An MGA needs to make sure that the insurance agents they deal with are suitable and in good standing with insurance companies. An MGA also needs to be exercising diligence in ensuring that the product an agent is recommending for a client is a suitable one for that client. The rise of MGAs has escalated since Alberta's Insurance Act was last reviewed. They thus serve as an example of how Alberta's insurance councils need to work with the Government of Alberta to ensure the provincial regulatory framework aligns with how the insurance business is conducted today.

As part of helping to make sure the regulatory framework is effective and efficient, Alberta's insurance councils ensure that appropriate educational standards for insurance intermediaries are in place. In this capacity, the Alberta Insurance Council works with educational providers to be certain their professional development offerings will empower intermediaries with the knowledge they require to be fair and competent operators in the marketplace.

The Alberta Insurance Council also works with its counterparts in other provinces and territories to help advance pan-Canadian initiatives that will enhance protection of insurance consumers across the country.

## WHAT SUCCESS LOOKS LIKE

Key Results	Performance Measures
<ul style="list-style-type: none"> <li>➤ The Alberta Insurance Council is viewed by government as a credible and valued participant in discussions related to the regulation of insurance intermediaries.</li> <li>➤ Insurance intermediaries have greater awareness of the Councils' Codes of Conduct and related best practices, and apply these in their work.</li> <li>➤ Educational standards and curriculum for licensing levels are kept updated to reflect changes in the industry.</li> </ul>	<ul style="list-style-type: none"> <li>➤ A minimum of quarterly meetings with the Minister, Superintendent of Insurance or other government official(s) regarding provincial policy and regulatory discussions impacting insurance intermediaries.</li> <li>➤ Streamlined regulations in targeted areas reviewed and accepted by all Councils.</li> <li>➤ Level of intermediaries' awareness of Councils' Codes of Conduct and related best practices. Annual audits with published outcomes.</li> <li>➤ Evidence of Alberta Insurance Council participation in national initiatives.</li> <li>➤ Licensing examinations are closely correlated with measurable objectives in the curriculum.</li> </ul>

## WHAT WE WILL DO

As part of our work to advance this strategic goal, we will:

- Review licensing requirements for intermediaries.
- Establish a new licensing regime for insurance adjusters.
- Review the restricted licensing regime to ensure the suitability of products to be sold under a restricted certificate.
- Establish new licensing and educational standards for the sale of products which exceed the parameters of restricted certification (Travel Insurance).
- Encourage insurance intermediaries to utilize the Alberta insurance councils' approved Codes of Conduct as the standard for best practices in the industry.
- Support the efforts of the Canadian Insurance Services Regulatory Organization (CISRO) to facilitate the development of national insurance standards.
- Continue to review insurance industry regulations with a view to migrating selected regulatory requirements into Alberta Insurance Council licensing standards.

- Pursue further autonomy for Alberta’s insurance councils so that they are better positioned to respond to industry trends and emergent issues.
- Continue to work collaboratively with course providers to ensure the design of appropriate vehicles to measure the effectiveness of training.

## GOAL TWO

### **Alberta’s insurance councils are recognized as fair, objective and effective regulatory bodies that help protect insurance consumers in Alberta.**

#### WHAT IT MEANS

In an age of higher public scrutiny, it is important that people know and understand how Alberta’s insurance industry is regulated. To this end, Alberta’s insurance councils work to raise awareness among decision-makers, stakeholders and members of the public about the regulatory roles they play in helping safeguard insurance consumers. Through these efforts, Albertans have better recognition of the councils and see them as fair, objective and effective regulatory bodies.

As those who are licensed and regulated, insurance intermediaries in Alberta should also understand the roles of Alberta’s insurance councils. Through communications and regular engagement opportunities, the Alberta Insurance Council gathers knowledge from insurance intermediaries about the issues, challenges and opportunities they face, and provides them with knowledge about the insurance councils’ work and activities. These efforts help ensure there are shared understanding and expectations about the mandates of the councils and the services they provide.

To help protect consumers, the Alberta Insurance Council also works to enhance public knowledge about insurance. Through these efforts, consumers gain a better appreciation of the insurance marketplace and what they should ask, expect and demand of insurance intermediaries when purchasing insurance products.

#### WHAT SUCCESS LOOKS LIKE

Key Results	Performance Measures
<ul style="list-style-type: none"> <li>➤ The Alberta Insurance Council is viewed by the government, insurance intermediaries and consumers as an effective regulator.</li> <li>➤ Consumers are aware of our role and mandate and know how to access our services.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Input from regular stakeholder sessions on emerging issues and concerns.</li> <li>➤ Stakeholder surveys on selected topics.</li> </ul>

<ul style="list-style-type: none"> <li>➤ Consumers feel that their issues or complaints have been dealt with in a fair and timely manner.</li> <li>➤ Intermediaries understand the Alberta Insurance Council's regulatory role and responsibilities.</li> <li>➤ Consumers have greater insurance literacy.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Stakeholder awareness of key messages in Alberta Insurance Council communications activities.</li> <li>➤ Periodic licensee satisfaction surveys or focus groups.</li> <li>➤ Quarterly information sessions with the Alberta Superintendent of Insurance.</li> <li>➤ Web site statistics including a 50% increase in website traffic by 2022.</li> </ul>
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## WHAT WE WILL DO

As part of our work to advance this strategic goal, we will:

- Develop a marketing, communications and stakeholder relations plan that proactively raises awareness about Alberta's insurance councils, their roles and their activities.
- Continue to utilize a range of mechanisms for gathering input and feedback from stakeholders on the Alberta Insurance Council's regulatory activities and services.
- Enhance our digital presence, including adding information to our website and leveraging social media channels.
- Engage key stakeholders, including industry representatives and consumers, to better understand their needs and keep abreast of issues they face.
- In the interest of transparency, continue to publish the results of disciplinary actions on the Alberta Insurance Council website.

## GOAL THREE

### **Alberta's insurance councils are positioned to fulfill their mandates amid a more complex industry landscape.**

#### WHAT IT MEANS

The landscape of the insurance industry is ever-shifting. To successfully fulfill their mandate amid this climate, Alberta's insurance councils must be agile and responsive. Just as it is used to catalyze change in the industry, technology is leveraged by the Alberta Insurance Council to enhance operational efficiency and effectiveness.

The organization also strives to be flexible and adaptive so that it can re-position quickly when the industry evolves, and continue protecting consumers effectively. To this end, the Alberta Insurance Council works with the Government of Alberta to ensure the insurance councils are structured and empowered to best regulate a marketplace that is increasingly diverse in terms of products and people.

While striving to be effective for consumers and efficient in its work, the Alberta Insurance Council also strives to be sustainable. The Alberta Insurance Council does not receive any taxpayer funding, and is entirely financed by the industry it regulates. Against a backdrop of greater cost consciousness in the insurance industry and the province generally, the Alberta Insurance Council aims to be a responsible steward of its finances.

#### WHAT SUCCESS LOOKS LIKE

Key Results	Performance Measures
<ul style="list-style-type: none"> <li>➤ The boards of Alberta's insurance councils operate in accordance with clearly defined governance models.</li> <li>➤ Effective policies and processes are in place to ensure board renewal, development and regular evaluation.</li> <li>➤ The Alberta Insurance Council has access to the financial resources required to achieve its mandate and strategic goals.</li> <li>➤ Risks to the Alberta Insurance Council are identified and effectively mitigated.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Board governance model adopted. All councils conduct annual self-assessment.</li> <li>➤ Relevant board policies reviewed and updated to ensure alignment with board governance model.</li> <li>➤ Financial targets on annual fee adjustments are achieved.</li> <li>➤ Alternate revenue sources have been explored and developed.</li> <li>➤ Results of annual report to the Audit Committee/Board on enterprise risk.</li> </ul>

<ul style="list-style-type: none"> <li>➤ Certificates are efficiently issued and delivered to licensees.</li> <li>➤ Consumers have access to an effective system to submit complaints regarding insurance intermediaries and the marketing of insurance products in Alberta.</li> <li>➤ Restricted certificate holders operate consistently within the regulatory framework.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Average turnaround times for online licence applications and renewals less than five (5) days.</li> <li>➤ Levels of agent and insurance company satisfaction with online tools.</li> <li>➤ Year over year tracking of complaints by major category.</li> <li>➤ Percentage of complaints that have been concluded within 60 and 90 days.</li> <li>➤ Insurance product reviews of restricted certificate holders.</li> <li>➤ Practice assessments of restricted certificate holders.</li> </ul>
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## WHAT WE WILL DO

As part of our work to advance this strategic goal, we will:

- Explore the development of education programs to responsively fill education gaps that are created by the ongoing evolution of the insurance industry, to ensure intermediaries remain qualified to operate in the marketplace.
- Provide errors and omissions insurance along with licensing, to ensure all licensees have appropriate E&O coverage.
- Review and update the structures of Alberta's insurance councils to more accurately reflect today's increasingly diverse insurance industry in terms of products and distribution models.
- Continue to monitor the operations of restricted certificate holders through practice assessments and product reviews.
- Conduct a needs assessment and ensure all external-facing and internal-facing technology platforms are aligned with core functions and business needs.
- Review and leverage technology assets, including the Canadian Insurance Participant Registry (CIPR), to help the Alberta Insurance Council achieve its objectives.
- Explore opportunities to develop additional and alternative revenue sources, including the development of new educational opportunities that enhance overall industry knowledge and are tied to licensing.
- Maintain highly safe, stable and secure systems, processes and protocols.

## GOAL FOUR

**Industry trends, data and knowledge are used to inform our work and enhance our effectiveness for Albertans.**

### WHAT IT MEANS

Recognizing that knowledge is power, the Alberta Insurance Council makes use of quantitative data and qualitative evidence to inform its work. Emerging issues and trends facing Alberta's insurance industry are identified and examined, with a view to being proactive in regulating intermediaries and protecting consumers. Data gathered by the Alberta Insurance Council is analyzed to inform decision-making and continuous improvement across the organization. This includes investment in the development of our staff, who are crucial to our success.

The strategic intelligence gleaned from these efforts helps the Alberta Insurance Council determine how it can better work to safeguard insurance consumers in Alberta.

### WHAT SUCCESS LOOKS LIKE

Key Results	Performance Measures
<ul style="list-style-type: none"> <li>➤ A strategic intelligence function is established within the Alberta Insurance Council.</li> <li>➤ Emerging trends in the insurance industry are identified and tracked.</li> <li>➤ Existing data from across the organization is harnessed and holistically examined to identify opportunities for continuous improvement.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Trends are identified and reviewed and their implications are assessed.</li> <li>➤ Levels of senior management satisfaction with leadership development program.</li> <li>➤ Levels of employee engagement with staff training and development opportunities.</li> </ul>

### WHAT WE WILL DO

- Improve data collection and analysis to help identify trends across the organization and the insurance industry, and use these to inform operations.
- Review organizational processes to identify bottlenecks and improve efficiencies.
- Identify staff training and cross-training opportunities, as well as increased product education.
- Enhance data mining, analysis and sharing to recognize trends
- Continue to review and analyze complaint data to identify trends, emerging issues and opportunities for continuous improvement.