



**Alberta
Insurance
Council**

Stakeholder Information Session 2018

May 17 – Edmonton • May 24 - Calgary

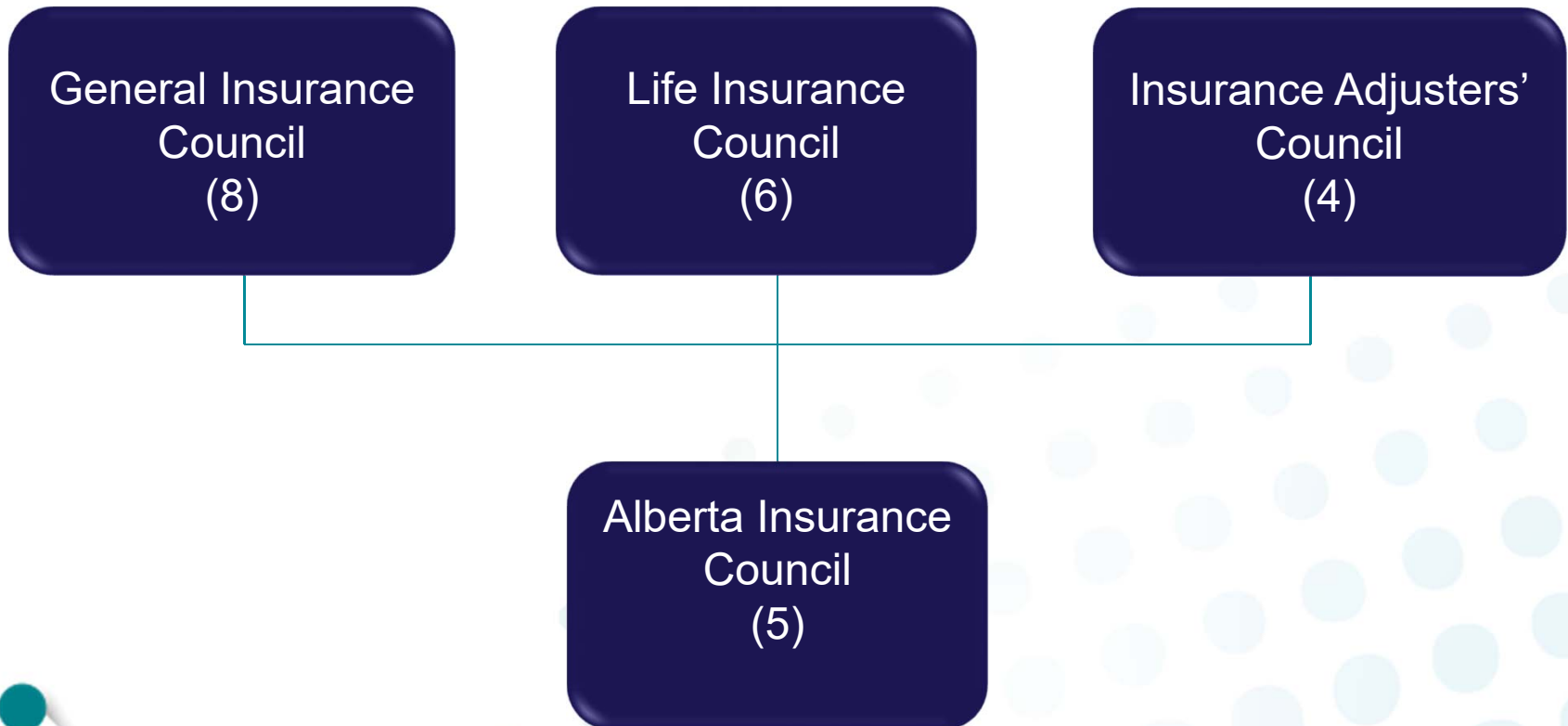
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Agenda

1. Overview of Insurance Councils
2. Review of Annual Report and Financial Statements of the AIC for the year ended December 31, 2017
3. Audits / Compliance Activity
4. Renewal Statistics
5. 2017 Highlights
6. Single Financial Regulator
7. 2018 Objectives
8. Question and Answer Period

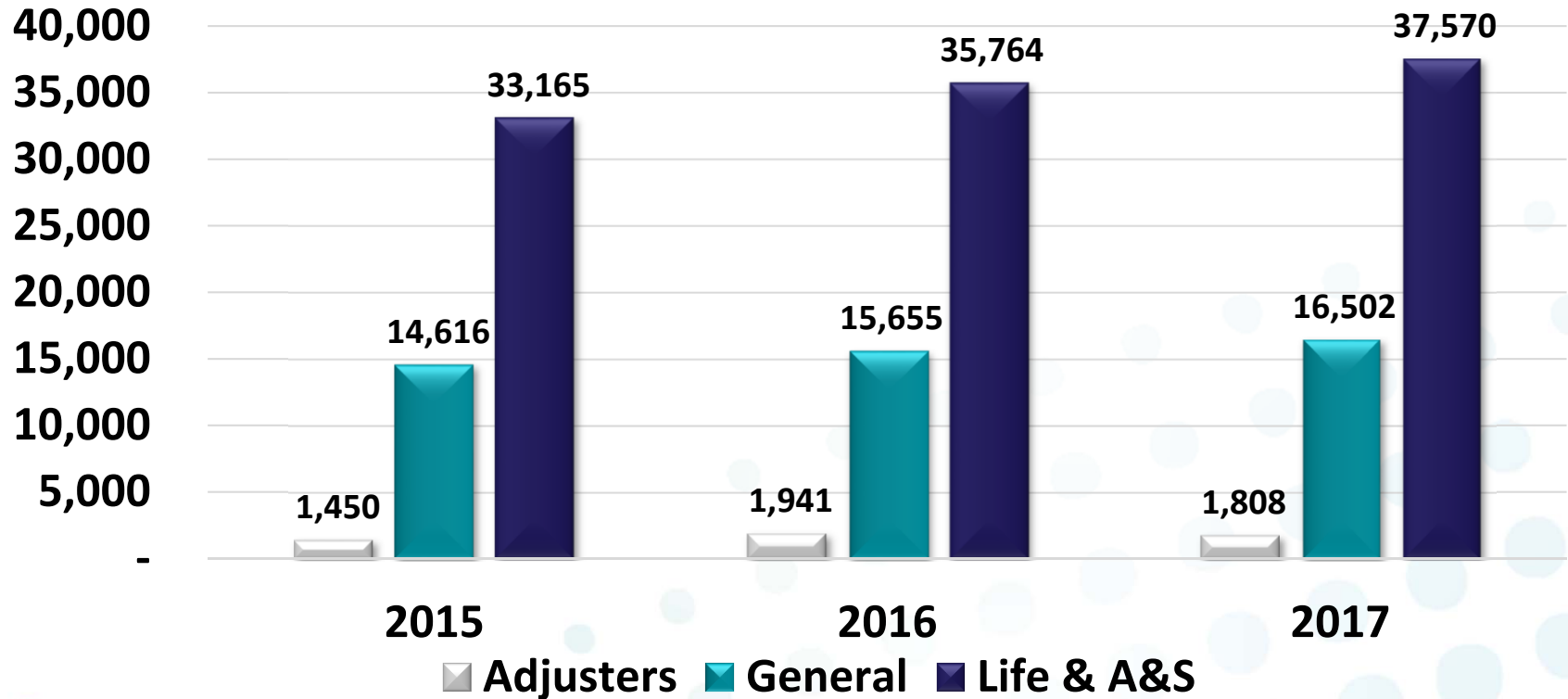


Council Structure



2017 Active Licenses

of Active Licenses at December 31

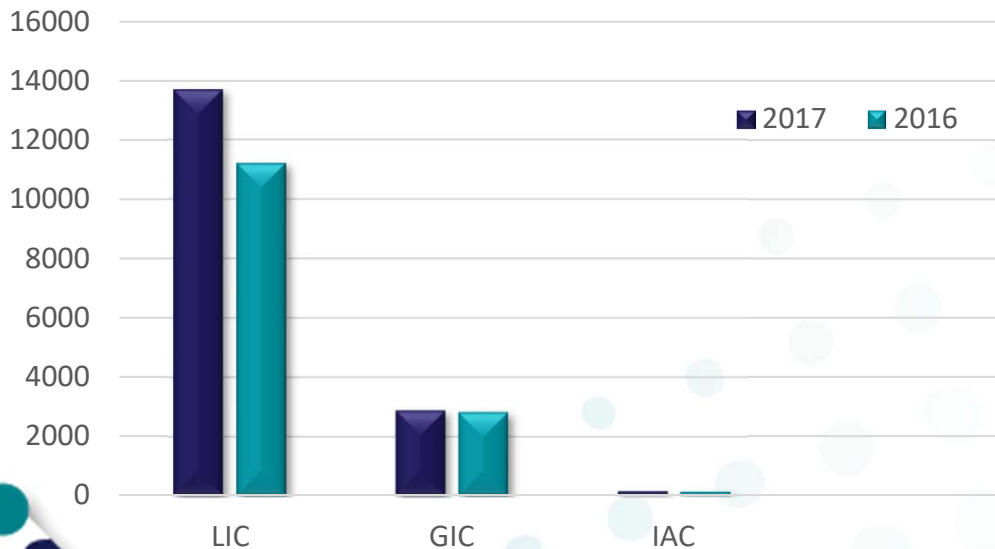


- 5% volume growth in Certificates
- 32% of these Certificates are held by non-residents



2017 Examinations

	2017	2016
Life Insurance Council (LIC)	13,703	11,208
General Insurance Council (GIC)	2,893	2,818
Insurance Adjusters' Council (IAC)	<u>144</u>	<u>141</u>
	16,740	14,167



National LLQP

- Modular Exams commenced January 2016
- Can take the modules in any order
- Fee includes one attempt per module



National LLQP

	Pass	Fail	Total	Pass Rate
A&S	3,041	627	3,668	83%
Ethics (Q)	25	12	37	87%
Ethics (CL)	3,136	452	3,588	87%
Life Ins.	2,460	692	3,152	78%
Seg. Funds	2,418	840	3,258	74%



General Insurance & Adjuster Exams

2017	PASS	FAIL	TOTAL	PASS RATE
General Level 1	717	1,180	1,897	38%
Level 2	270	635	905	30%
Level 3	34	57	91	37%
Adjuster Level 1	62	82	144	43%
2016	PASS	FAIL	TOTAL	PASS RATE
General Level 1	748	1,251	1,999	37%
Level 2	159	556	715	22%
Level 3	24	80	104	23%
Adjuster Level 1	69	72	141	49%



2017 Financial Statement Highlights

- AIC funded entirely by license, assessment, examination, and continuing education fees
- No taxpayer dollars fund AIC operations
- AIC fees were last reviewed in 2004



2017 Financial Statements Summary

	2017	2016
Revenue	<u>\$ 6,737,188</u>	<u>\$ 6,235,668</u>
Salaries & benefits	3,167,811	3,033,734
Supplies & services	2,381,854	2,014,325
Amortization	308,466	336,257
Total expenses	<u>5,858,131</u>	<u>5,384,316</u>
Net surplus (deficit)	<u><u>\$ 879,057</u></u>	<u><u>\$ 851,352</u></u>



Revenue: Licenses & Assessments

	2017	2016
Licenses		
Adjusters	\$ 208,190	\$ 213,395
General	1,806,182	1,550,343
A & S	1,679,505	1,656,795
Life	1,812,436	1,640,509
Transfers	132,100	172,515
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	5,638,413	5,233,557
Assessments	158,625	188,625
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Total	\$ 5,797,038	\$ 5,422,182



Revenue: Exams

	2017	2016
Adjusters	\$ 7,200	\$ 7,050
General:		
Level 1	94,850	99,950
Level 2	45,250	36,050
Level 3	4,550	5,200
Total General Revenue	<u>144,650</u>	<u>141,200</u>
LLQP & A&S	523,350	410,500
Total	<u><u>\$ 819,850</u></u>	<u><u>\$ 699,950</u></u>

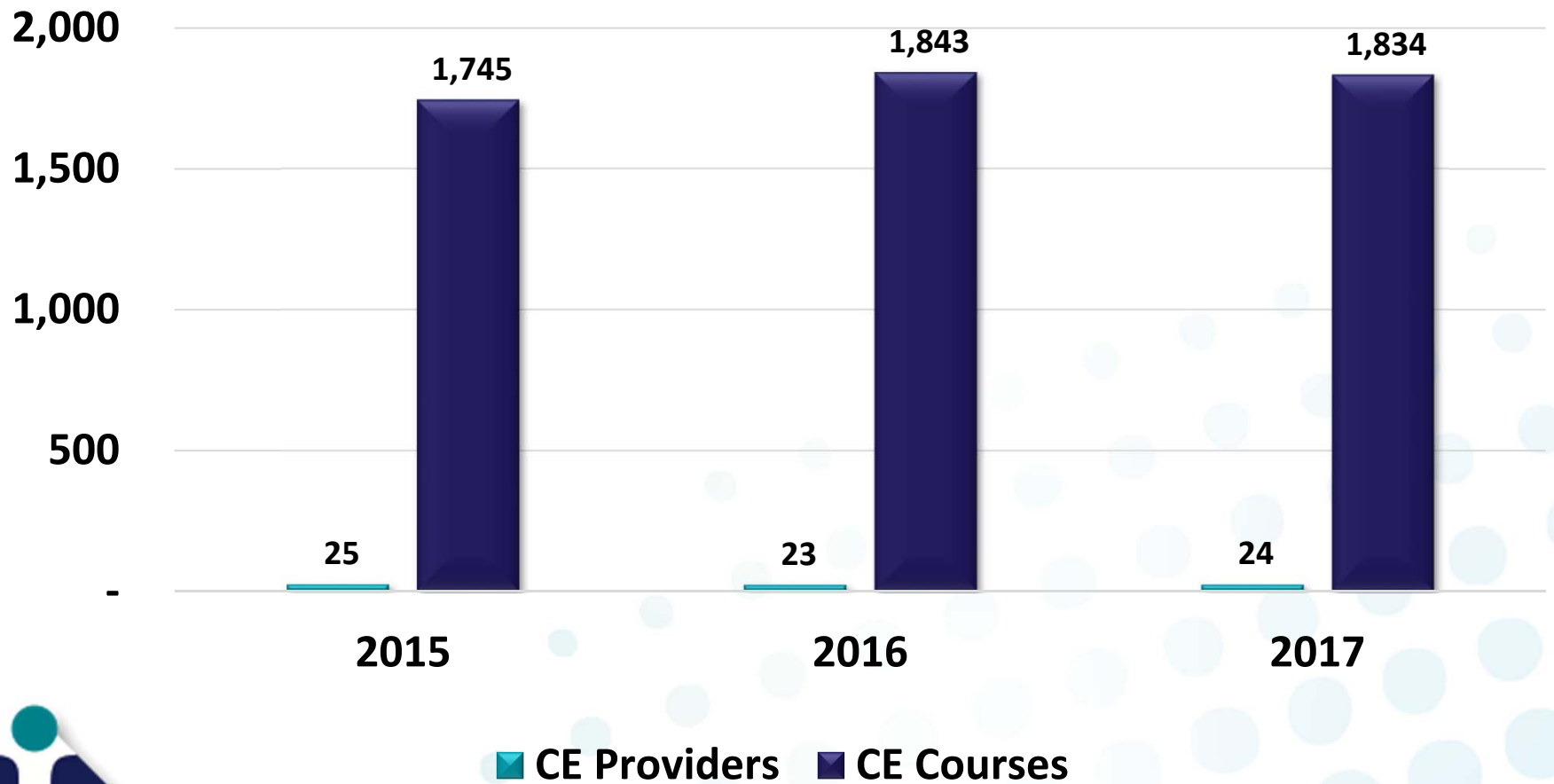


Revenue: Continuing Education (CE) Fees

	2017	2016
Accredited providers	\$ 6,000	\$ 5,750
Course submissions	186,478	191,105
Total	\$ 192,478	\$ 196,855



of CE Providers and Courses



2017 AIC Revenues and Expenditures

	2017	2016
Revenue	6,737,188	6,235,668
Expenditures	5,858,131	5,384,316
Net Assets	5,869,793	4,990,736

2016 Net Asset Study

- Recommend 1 year operating costs retained



Audits

- E&O Audits

- Failure to have 'in force' policy will result in automatic suspension

- CE Audits

- Must provide CE records within 30 days of request
- Must keep records for 3 years following expiry of the certificate term when earned
- Failure to respond to requests will result in certificate suspension

- Selection Criteria



Audits: Continuing Education

Continuing Education Audits Conducted as at December 31, 2017

Date	Auditees	Result
February 24, 2017	95	12 Administrative Suspensions
September 29, 2017	98	19 Administrative Suspensions
November 3, 2017	50	10 Administrative Suspensions
November 14, 2017	156	57 Administrative Suspensions
TOTALS	399	98 Suspensions



Audits: Errors & Omissions

Errors & Omissions audits (licenses)
as at December 31, 2017

Total Satisfied	1684
Total Pending	186
Administrative Suspension	14



Compliance Activity

New Complaints

	<u>2017</u>	<u>2016</u>
Life Insurance Council	277	172
General Insurance Council	102	117
Adjusters' Council	12	9
Total	391	298



2017 Renewal Stats

- Total Number certificates renewed: 55,238
- Total Telephone Calls: 13,674
- Average calls per day: approx. 201
- Busiest Day: 356



2017 Highlights

- Development of Corporate and Restricted Certificate Online Licensing Portal – Completed
- Enhanced Cyber Security and System Stability
- Memorandums of Understanding
- Enhanced Audit Processes



2017 Highlights Continued

- Launch of Accreditation Committee website
- Additional LLQP exam versions introduced throughout 2017
- New General Insurance Level 3 exams introduced (Q1)
- Renewal process focus groups/analytics review



Single Financial Regulator (“SFR”)

- In October, 2017 the President of the Treasury Board/Minister of Finance announced the Single Financial Regulator (SFR) project for the Province of Alberta
- Treasury Board and Finance favours a fully amalgamated entity
- Entities (Insurance, Pensions and Financial Institutions) currently under review for amalgamation include:
 - FSRP
 - CEAC
 - CUDG
 - AIC
 - AIRB



Single Financial Regulator (“SFR”)

- Joanne Abram (AIC CEO) is a member of the Steering Committee (SC) and AIC leadership are members of a corresponding Working Group (WG)
- It is anticipated that there will be further SC and WG meetings in the next few weeks and that consultation will occur sometime in the fall with recommendations to Cabinet by year end



2018 Objectives

- Redesign of Compliance Management System
- Comprehensive Review of E&O
- General Insurance Education Course and Study Materials
- Increased and Enhanced Communications
 - Licensees
 - Stakeholders
 - Consumers
- Cyber-Security (Penetration Testing)
- Document Retention / Destruction Management
- SFR
 - Possible transition and implementation
- Renewal commenced May 1, 2018



Stakeholder Meeting Administration

- CE credits added within five (5) business days
- A survey will be sent to all participants no later than June 8 – ***We want to hear from you!***
- This presentation will be added to the website by June 15
- Renewals close June 30 – ***Don't delay!***
- Follow us on Twitter @AbCouncil, #AICupdate



Q & A

Questions?

