



**INSURANCE BROKERS
ASSOCIATION OF SASKATCHEWAN**

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Monday, June 28, 2021

Ron Fullan
Executive Director
General Insurance Council of Saskatchewan
2631 – 28th Ave., Suite 310
Regina SK S4S 6X3

Re: The Role of P&C Insurance Brokers in the Claims Process

Ron:

In response to your e-mail dated January 22, 2021, this letter — written on behalf of roughly 175 brokerage members representing 1,600 licensed insurance professionals across Saskatchewan — is to provide further input into the role and responsibilities of licensed property and casualty ('P&C') insurance brokers ('brokers') advocating for their clients in the claims process.

As you have noted, *The Insurance Act, 2015* (the 'Act') defines 'adjuster' as: *a person who, for compensation, through any medium does one or more of the following:*

- (a) *directly or indirectly solicits the right to negotiate or investigate the settlement of a loss or claim under a contract of insurance on behalf of an insured or insurer;*
- (b) *negotiates or investigates the settlement of a loss or claim under a contract of insurance on behalf of an insured or insurer;*
- (c) *holds himself or herself out as an adjuster with respect to the settlement of any loss or claim mentioned in clause (a) or (b); or*
- (d) *assists a person with making a claim under an insurance policy or a contract of insurance.*

It is a longstanding industry practice for brokers to assist insureds in several aspects of P&C claims, from providing advice and completing required documentation to liaising with insurance companies on behalf of their clients to ensure fair and mutually agreeable outcomes. This is a fundamental role of the profession and is a central tenet of consumer protection.

Because brokerages are not compensated directly for these activities by any party, it is the position of the Insurance Brokers Association of Saskatchewan ('IBAS') that the definition was not intended to include licensed brokers, acting in the insured's best interest, who perform this 'added value service' at no cost to the consumer. This includes brokers acting in a partial or dedicated 'claims advisor' capacity within a brokerage.

Requiring P&C insurance brokers and brokerages to also be licensed as general insurance adjusters simply to assist policyholders in the same manner they have done for decades would create unnecessary regulatory burden and duplication, erode consumer protection, and add significant new costs for Saskatchewan small businesses.

Furthermore, it is worth noting that current legislation already prescribes certain, limited situations in which brokers may act in a *full* adjusting capacity *without* an adjuster's licence (as set forth in Section 5-42(1) of the Act and Section 5-16 of *The Insurance Regulations*) — well beyond the scope of activities generally undertaken by brokers on behalf of their clients in standard claims processes.

It is also the position of IBAS, however, that all brokerage employees directly advising clients in the claims process must be P&C insurance licensees in good standing. This ensures their activities fall within the oversight of the General Insurance Council of Saskatchewan, as well as under brokerage errors and omissions policies.

Thank you for your consideration in this matter. We are happy to discuss this issue with you in greater detail at your convenience.

Regards,



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cc: Roger Sobotkiewicz, Chair & CEO, Financial and Consumer Affairs Authority of Saskatchewan
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