Insurance Act (Bill 15) Changes affecting Agents and Adjusters

Bulletin
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-General

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The Financial Services Commission of Ontario (FSCO) is announcing the proclamation date of recent changes made to the Insurance Act (Part XIV) under Bill 15, the Fighting Fraud and Reducing Automobile Insurance Rates Act, 2014, pertaining to insurance agents and adjusters.

These changes primarily affect the hearing process that governs the discipline of insurance agents and adjusters. They include a transition provision for matters currently before an advisory board panel, and provide some additional powers to the Superintendent relating to the licensing and regulation of agents and adjusters. They can be found in sections 15 to 21 of Schedule 3 to Bill 15.

These changes have now been proclaimed, by Order in Council of the Lieutenant Governor in Council, to come into effect on January 1, 2015. They will streamline the disciplinary process and improve consumer protection by ensuring that agents or adjusters who contravene the Insurance Act will be dealt with in an expeditious manner. These changes also reinforce the positive image and professionalism of insurance agents and adjusters.

Insurance agent and adjuster disciplinary hearings will now be held before the Financial Services Tribunal (FST) at FSCO. The current process, involving a hearing before an advisory board hearing panel, is being eliminated. The previous law and advisory board hearing process will continue to apply to disciplinary matters that commenced before January 1, 2015.

The FST will now adjudicate all agent and adjuster disciplinary matters, including the imposition of administrative monetary penalties. This change aligns insurance with other sectors regulated by FSCO.

The Insurance Act is also being amended to provide the Superintendent of Financial Services with new or clarified powers that align with FSCO's other regulated sectors and provide additional protection to the public. These changes include:

- Establishing a notice of proposal (NOP) process for the Superintendent in proposing to take regulatory action, and establishing the right of an applicant or licensee to request a hearing in writing before the FST within 15 days of a NOP being given.
- Providing clear authority for an applicant to withdraw an application before a licence is issued and a process to surrender a licence.
- Making clarifying amendments and modernizing the language with respect to the licensing process for individuals, partnerships and corporations.
- Providing for a right of appeal of an FST order to the Divisional Court.
- Providing for the continued jurisdiction of the Superintendent if a NOP has been issued by the Superintendent.
- Clarifying the Superintendent's authority to issue an interim order if the Superintendent is of the opinion that the public interest may be adversely affected by any delay in disciplinary proceedings involving an agent or adjuster.
- Providing transition provisions.
- Making consequential amendments to Ontario Regulations 347 (Agents) and 408/12 (Administrative Penalties).

Go to Schedule 3 in Bill 15 for a copy of these amendments.

Brian Mills
Chief Executive and
Superintendent of Financial Services

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