

# The Coverage



Volume 4, Issue 2

## Politically Aware

In light of the recent provincial election, we cannot stress the importance of being politically aware.

As members of the PYIB, it's our duty to stand up for the values that formed our organization by taking political action. Each one of us can take part take, so get involved!



*If there are any brokers out there who want to be more involved and just aren't sure how - all you have to do is email us at [pyib@ibaa.ca](mailto:pyib@ibaa.ca). Yes, it's really that easy. Well... what are you waiting for??*

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## PYIB EVENTS

June 1–30 PYIB Blood Donor Challenge

Nov. 16–17 PYIB Conference



Professional Young  
Insurance Brokers  
3010 Calgary Trail NW  
Edmonton, AB T6J 6V4

Phone  
(780) 424-3320  
Fax  
(780) 424-7418

E-mail  
[pyib@ibaa.ca](mailto:pyib@ibaa.ca)  
We're also on the Web!  
[www.youngbrokers.ca](http://www.youngbrokers.ca)

## Meet the Board: James Hall, B.Comm. — Director at Large

A University of Alberta graduate, James earned his Bachelor of Commerce degree in 1998. After working in marketing and investment for a few years, he moved into the insurance business in 2002. He joined Western Financial Group in Okotoks as its financial services representative focusing on life and disability insurance, group benefits, and investments.

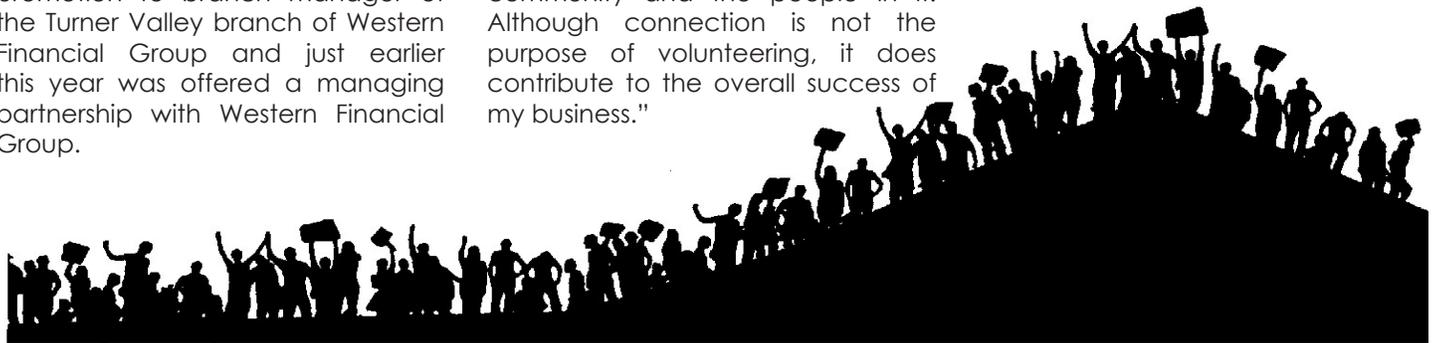
James says that the insurance business has been really good to him because of the excellent opportunities for growth and advancement. He obtained his general insurance license in 2004 and shortly after that added a commercial book of business to his portfolio. In 2007 James received a promotion to branch manager of the Turner Valley branch of Western Financial Group and just earlier this year was offered a managing partnership with Western Financial Group.

James does a lot of volunteer work for the PYIB, his church, and the community. He presents the PYIB insurance outreach program to CALM students at two local high schools. Says James, "I think more brokers should be doing these presentations in their communities. The more people understand insurance basics, the less misunderstandings we will have as we do business over the course of a person's lifetime!" He also volunteers for Junior Achievement, going to local elementary schools to teach students about money management and investments. He is actively involved in local minor football and his church's youth and Scouts programs. "When you are involved in your community, you create a connection with the community and the people in it. Although connection is not the purpose of volunteering, it does contribute to the overall success of my business."

James is firm that the most important people in his life are his wife and four daughters. His most prized possession is his shotgun, which he plans to have at the ready when his girls get older. "Truth be known, I've never even used my gun ... but the boys that eventually come around my house don't have to know that."

James Hall is in his 3rd year with the PYIB and is heading up the Events Committee this year.

James Hall, B.Comm.



## Professional Development — Political Involvement

Since joining the Professional Young Insurance Brokers as a Director at Large, I have had the good fortune of attending several political events. These include two premier's dinners, various political luncheons, and the Red Deer candidate forum leading up to the recent election in April. At first glance, one might not think that attending these events has much to do with any professional development as an insurance broker. However, from my perspective this involvement has been invaluable.

At one of these dinners, I had the privilege of being seated with

Thomas Lukaszuk, recently named the Deputy Premier in the new Progressive Conservative cabinet. It was truly fascinating listening to the discourse between the elected official and the various people at the table. Each one of us was in a different industry, ranging from farming to oil and gas to insurance. However, Mr. Lukaszuk was able to converse with each of us in a way that displayed a true understanding of the issues facing each particular industry. This dialog in turn enabled me to better understand the issues facing other sectors. While politicians can't always make everyone happy, they

do want to hear from us. They want to know our opinions on the issues that affect us and our suggestions for fixing them.

I encourage you to get involved politically in your own areas of interest. It broadens your personal perspective while giving you tremendous insight into the numerous issues that face our province. It has been 40 years since we have seen a political climate similar to our current situation. This is an exciting time to get involved!

Dustin Nakonechny, CIP, CRM,  
B.Mgt.

## How to Lobby the Government against Banks

The first step to lobby the government and banks about insurance is to contact the executive assistant at your local MLA's office and book a 15–30-minute meeting with the MLA. A meeting in person is best but a telephone meeting is just as effective. The point is for the MLAs to hear our message.

Always address the MLA as Mr./Mrs./Ms. (last name) and open your meeting by thanking your MLA for taking the time from a busy schedule to meet with you. Introduce yourself, noting that you represent local insurance brokers and that you want to discuss our broker issues.

As brokers we support free trade and breaking down of trade barriers between provinces, but the playing field must be level. For example, the BC government controls the number and locations of distribution through their Autoplan outlets, so without an Autoplan contract an insurance brokerage or broker cannot sell primary auto insurance in that province. The Government of BC is not issuing new Autoplan contracts, and the existing ones cost in excess of \$500,000 to purchase. These barriers effectively block Alberta insurance brokers from retailing auto insurance in BC. In contrast, BC brokerages face no barriers to selling auto insurance in Alberta, creating

an uneven playing field between the provinces.

As insurance brokers, we oppose the selling of property and casualty insurance by banking institutions from their branch premises and their internet sites. The ability to do so places consumers in an unfair position.

The risk to consumers is that banks and credit unions may use "tied selling," in which loan applicants often assume that they will be denied the loan unless they purchase insurance from the financial institution. Tied selling puts the financial institution in an actual or perceived unfair position of influence. Fundamentally, credit granting institutions ought not to have the ability to sell insurance at the point of granting credit. An additional concern is that information collected and developed for banking purposes, such as credit rating, could be used against the loan applicants and policyholders for insurance purposes.

As well, banks and credit unions will be able to bury the cost of insurance in the mortgage or loan by including the insurance within the loan, making it appear that insurance with the financial institution is less costly than elsewhere.

Moreover, if the client has a loan with a banking institution, as brokers we must provide information about our clients to that institution. As brokers we do not have access to the same information as banking institutions. This one-way policy creates an unfair advantage that increases the banking institution's opportunity to sell insurance to our customers. Banking institutions have written into their loan contracts that, if this information is not received from the insurance broker, the banking institution will automatically put in place one of its own insurance policies.

No matter how property and casualty insurance is defined, all regulation for the sale of property and casualty insurance must be the same for all. The only way that we are going to start change is to voice our broker issues. Please get out there and meet with your MLA. If that is not something that you feel you can do, please write a letter highlighting the industry's important issues and how these issues impact the consumer.

Christina Quast, CAIB

## How to Get Involved

There are many ways for a young broker to become involved with the PYIB. You do not need to be a board member to become active. If you are working for a brokerage that is a member of IBAA and you are 39 or younger, you are already a member. So what steps can you take to get involved?

1) Download the political lobby kits from the IBAA website. These packages give a basic outline on how to lobby your government and how to contact your local MLAs.

2) If going out on your own and lobbying the government is not what you are looking for, try attending a premier's luncheon or dinner in your area. Become familiar with what is going on in provincial politics and what the different platforms are.

3) Attend the local council meetings in your area and talk with your PYIB board members to learn about our views and what we are trying to accomplish with government advocacy.

Instead of making excuses for why you aren't an active member of the PYIB, make that phone call to a board member or take advantage of the resources IBAA has available to you.

Janelle Reinbold, CAIB

## “The Times They Are a-Changin’”— Amendments to the Insurance Act

Well, I'm no Bob Dylan, but I have been asked to write an article for the PYIB newsletter regarding the new legislative changes that will be coming into effect July 1, 2012. They will probably not have an effect on our day-to-day work flows, but I would like to point out a few key changes that will affect our customers and insuring partners.

First, some background from our spring 2012 Legislative Changes course on the government's role in the insurance industry. Why do we have provincial legislation regulated by the Superintendent of Insurance? The province is responsible for the actual terms and conditions of the insurance policies and is subject to approval and review. Its main role is to provide a framework for the insurance companies to build a policy that is both fair and equitable to the insurer and insured. Sometimes, the legislation needs to be updated to keep in step with current market conditions or to harmonize with similar legislation in other provinces. Changes were made to both general insurance and life insurance policies; however, I will be reviewing key changes made to the general insurance.

- **Statutory Conditions**

While no change was made to the actual conditions themselves, they will now apply to all policies whereas, before, they were mandatory only for fire policies. These conditions will become a common starting point for all policies. The intent is to make straightforward the responsibilities of the insured and insurer for building a policy and settling claims.

- **Limitation Period**

Currently, the insured has one year from the date of loss to commence legal action against the insurer. The new act will allow for a two-year limitation, allowing the insured more time to gather information and put together the action. This change is to bring consistency with the limitations act and to harmonize with other provincial insurance acts.

- **Dispute Resolution Process**

This will probably be the change that affects the broker the most going forward. This allows another option for insureds to explore if they feel a claim is not being settled fairly and is applied to all losses. If they wish to proceed with dispute resolution, the insured must give the insurance company notice after 60 days from the submission of the initial loss notice. The 60 days allows the insurance company time to adjust the claim and offer a settlement. Once the notice has been received, the insurer must acknowledge the insured within 10 days from the notice or 70 days after a proof of loss has been submitted. The insurer and insured both appoint representatives, and the insured makes the case for the nature of why this process has been undertaken. While the act does not stipulate which situations are acceptable for dispute resolution, more than likely the disagreements will be on values, nature, and extent of repairs, or replacement vs. cash value settlements. If both representatives agree, then the process ends and the claim is adjusted to reflect what was disputed. If they do not agree an independent umpire is required and appointed by The Superintendent of Insurance within 15 days. The umpire selects one position, not a common middle ground, and the decision is binding.

- **Innocent Co-Insured**

Currently, if a named insured on the policy intentionally sets fire to property, the claim is excluded. Generally, the insured will be charged with arson should a claim be made. However, with the changes innocent co-insureds (think a husband and wife on the same policy) will be able to recover their proportionate share of the loss. The innocent co-insured must cooperate fully with the insurer and the authorities to recover funds.

- **Material Misrepresentation**

If the insured has misrepresented material, the insurance company can charge an additional premium commensurate with the additional risk. Prior to the changes, the policy would have been cancelled. This gives the insurer an option to pay a claim if the insurer still would have remained on risk knowing the insured's change.

- **Electronic Transactions**

Policyholders will be allowed to communicate using modern business practices and technologies. The policyholder, broker, and insurance company have to agree to what they will accept but this provides the legislation to accept e-mail, text, and messaging communications.

This general breakdown provides a few changes I thought would be most beneficial to review. If anyone is looking for more information, please contact the IBAA office. The Alberta Finance website also has a review of the changes for those that are interested in reading the actual changes.

Darren King, CRM, CAIB

# Message from the President — Political Action

As incoming President of the Professional Young Insurance Brokers (PYIB), I feel a duty to write to you regarding a very important subject, one that could have consequences for all of us and the people that we serve if we do not pay adequate attention. I write to represent the views of our association but also, due to the extreme importance of this issue, I write as a fellow young broker myself.

Part of the PYIB's mission statement stresses that "We exist to create a strong Professional Network through political action. . . . We will create a solid foundation for success and perpetuation of the broker profession. "I want to address that "political action." Voter turn-out statistics continually demonstrate that the younger generations are under-represented at the polls, which creates the impression that politicians and legislators are focused primarily on the issues that matter to older voters. My experience has been the opposite of that. In the many meetings and functions that I have participated in, I have witnessed the keen interest that our policy-makers and elected officials take in the views of their younger constituents and the importance they give to the issues that matter to them, especially when adequate time has been taken to explain these issues. The political establishment respects the views of young professionals. As young professionals, we need to realize that our voice will be respected and listened to. Because of that, our voice has strength and we are, therefore, duty-bound to act on that strength and ensure our voices are heard. The old adage we heard from our mothers when we were growing up comes to mind when I think of the strength of our voice: indeed, we must "Use it or lose it."

Insurance Brokers Association of Alberta (IBAA), with which the PYIB is affiliated, was created 90 years ago

to be the common voice of everyday insurance brokers. IBAA promotes professionalism in the industry and protects the public against the threats to their insurance options that would arise from the monopolistic practices of banks selling insurance and controlling insurance options. Has this *raison d'être* changed? Has the purpose for our association's original founding been achieved? No. It is amazing that we are still engaged in the same battle on behalf of the public and the insurance industry as we were 90 years ago. I believe we must be more vigilant in our efforts to preserve the broker profession for the public who want to continue to have the insurance options and flexibility our profession provides them. Financial institutions are increasing their lobbying efforts to bring about change in the legislation, to allow the retailing of insurance directly out of their branches, and thereby to control the industry and the insurance options available to the public.

As I write this article, it is Election Day here in Alberta and very possible that we will see many new MLAs voted into office. This presents to us the unique challenge of having many new members of the Provincial Legislature who may not be well acquainted with these important issues. It is also a wonderful opportunity for us to go out and introduce ourselves to these new MLAs and familiarize them with these important issues, the effect of these on the public, and the concerns we have for the future of the insurance industry.

IBAA is a great resource to us in our advocacy efforts. It has created provincial and federal packages that lay out our association's stance on the issues insurance brokers face today in a way that is easy to understand and retain. I personally have benefited from utilizing this resource when discussing these important issues with those who need

to know. Politicians are not experts in our field. We are. We need to portray that expertise when talking with them. These packages will assist us in portraying that expertise.

I urge every broker, especially our young brokers like me, to download these packages from [www.ibaa.ca](http://www.ibaa.ca) (Advocacy > Government Relations > Provincial and Federal Lobby Kits) to use as a resource. Study them. Know them. The message they contain is the very heart of why we exist as an association. To further assist us in this important responsibility, IBAA is also coming out with a Politics 101 course slated for this fall, which will further help us to utilize better the strength of our voices. I encourage all of our young brokers to participate in this course and take advantage of this additional resource.

In order to realize the accomplishment of our mission statement, the PYIB has divided into committees where we can focus our efforts on different parts of the mission statement. One of these committees that I foresee becoming one of our most valuable is the Political Committee. We also want to ensure that a Young Broker is participating in all functions and meetings held by IBAA. Whether serving on a PYIB committee or participating in an IBAA event, we need Young Brokers who are willing to stand up and participate.

This is an official call to all young brokers who may receive a phone call to attend one of these meetings or functions. Our Association needs your voice!

Steve Evanson, CAIB

