February 10, 2025

Ugie Ifesi
Chair, Adjuster Licensing Committee
Canadian Insurance Services Regulatory Organizations (CISRO)
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Via email: uifesi@insurancecouncilofbc.com

Re: CISRO letter dated December 9, 2024 to P&C insurance stakeholders

Dear Mr. Ifesi,

Thank you for your response and questions to our P&C industry coalition (the members of which are signatories to this letter) in your letter dated December 9, 2024. We commend the important work that CISRO's Adjuster Licensing Committee is undertaking.

We understand that the Adjuster Licensing Committee's first objective is to consider and recommend a proposed approach to support the mobility of out-of-province adjusters working on claims triggered by emergencies. Subsequently, the Committee plans to review the non-urgent mobility of Canadian adjusters.

This letter offers our coalition's view on two points, in response to CISRO's short-term and longer-term objectives:

- What regulatory approaches would enhance P&C industry members' ability to respond to natural catastrophes and disasters; and
- The arguments in favour of establishing licensing reciprocity across the country.

CONTEXT AND INDUSTRY'S EFFORTS TO ADAPT TO INCREASED FREQUENCY AND SEVERITY OF WEATHER EVENTS

In 2024, severe weather events caused over $8 billion in insured losses – the worst year in Canadian history. These losses were largely generated from four major catastrophic events that occurred over a span of 24 days in the summer of 2024. The volume of claims resulting from these catastrophes was a staggering 228,000, exceeding the total of all cat-related claims from 2023.

These catastrophes continue to stretch the claims capacity of the P&C insurance industry like never before. It is for this reason that the industry has been undertaking concerted efforts to improve its claims management capacity and processes, including embarking on substantial recruitment efforts, investing in systems and technology upgrades, and making claims management process improvements where needed. Specific examples of insurer actions, based on a 2023 IBC survey, include:

- Increasing the level of communication between the insurer and the claimant so that they are aware of each stage of the process (e.g. phone, email or through online portals);
- Embarking on significant recruitment and retention efforts for relevant staff;
- Creating expedited claims handling processes, including automated, digital reviews for property estimating;
- Increasing training and feedback for staff, including independent adjusters;
- Creating specialized field teams to help manage complex losses, such as those associated with natural catastrophes;
- Adding a greater diversity of vendors to their vendor network so that claimants in underserviced regions can receive assistance more quickly; and
- Working more closely with vendors and restoration companies so that contractors and materials can get on the ground more quickly.

We expect that extreme weather events will continue to increase in severity and frequency, and therefore the insurance industry will continue to improve its ability to respond rapidly to support Canadians impacted by these events.

RECOMMENDED APPROACH TO SUPPORT THE MOBILITY OF OUT-OF-PROVINCE CANADIAN ADJUSTERS WORKING ON CLAIMS TRIGGERED BY NATURAL CATASTROPHES AND DISASTERS

The industry is grateful for the actions of several regulators in the last several years, as they have moved swiftly to implement temporary measures that allow for the admission of out-of-province (and in some cases, out-of-country) adjusters into those provinces impacted by this summer's catastrophes.

However, barriers that prevent the timely entry of adjusters, as well as their effectiveness, remain. These include:

- the existence of application processes, especially if approvals are not provided in a timely fashion;
- the length of time of the temporary license when it does not correspond to the typical claims cycle;
- the potential for a regulator to experience business continuity challenges due to the catastrophic event; and
- the authority granted the temporary adjuster is not sufficient to accomplish the work without diverting the attention of another, supervising resource.

Our coalition believes that the most effective post-emergency regulator protocols and measures are those that are implemented immediately following an emergency, are streamlined in nature, recognize the typical duration of the claims cycle, and provide adjusters with sufficient scope to accomplish their work.

To that end, as the Adjuster Licensing Committee considers a proposed approach to support the mobility of out-of-province adjusters triggered by emergencies, our coalition recommends the following:

- Regulators should enact protocols without delay following an emergency event. Specifically, regulators should enact protocols as soon as insurers or local or provincial authorities declare a state of emergency. Additionally, regulators should consider instituting a pre-approval process that would allow out-of-province adjusters that meet certain criteria to be automatically approved.
- Regulators should enact protocols that minimize the application burden. As an example, FSRA's undertaking following the May 2022 storm that passed through Ontario employed a seamless protocol that bypassed the time-consuming application process, in part by allowing the CEOs responsible to sign a declaration for their adjusters and ensure they are adequately licensed and qualified, thus negating the need for individual adjusters to file an independent application and fee.
- Regulators should provide for licenses that are valid for an appropriate period, post-disaster, that allow for adjusters to close claims. As reported in the CCIR's 2023 Annual Market Conduct Statement, the average time to close a property claim is 157 days, and an auto claim 148 days. As an example, in response to the Jasper wildfire, Alberta's Insurance Council allowed the temporary licenses to be valid for 11 months. In absence of longer temporary license admittance periods, regulators should institute simplified renewal processes that minimize the administrative burden.
- Regulators should provide for license scope that is commensurate with the adjuster's experience.

Because of the limitations of post-emergency undertakings (the time it takes for an undertaking to be offered, the application process, their limited duration), they are less optimal than a regime that allows for the full mobility of licensed adjusters across Canada. As such, our coalition's view remains that

CISRO's policy objective should ultimately be to establish a framework for the reciprocity of adjuster licensing across Canada.

PAST AND PRESENT EFFORTS TO REMOVE INTERPROVINCIAL BARRIERS

The proposal for licensing reciprocity to support the inter-provincial mobility of adjusters is not a novel idea. In 1990, the federal, provincial and territorial (FPT) governments established the Agreement on Internal Trade (AIT) to facilitate the free flow of trade and worker mobility in Canada. In 2011, FPT Ministers committed to adding financial service occupations, which would include insurance adjusters as approved professions under Chapter 7 on labour mobility. The formal amendments to Chapter 7 came into force on August 16th, 2012.

The labour mobility provisions of the AIT were reaffirmed in 2017 with the introduction of the Canadian Free Trade Agreement (CFTA), and provides the framework for implementing a national system of reciprocity. In the interim, in 2014 CISRO agreed to implement a pilot streamlined reciprocity process in recognition of the need for insurance companies to be able to deploy enough adjusters to a disaster zone to quickly begin the claims process.

It is our understanding that the Labour Mobility Coordinating Group did not undertake the necessary steps to initiate the harmonizing of provincial standards with respect to provincially regulated insurance adjusters. It is our further understanding that the CISRO pilot project, while initially promising, did not mature to a fully operational framework.

The trade dispute between Canada and the United States has put interprovincial trade and labour mobility barriers in the spotlight, with Canada's First Ministers recently agreeing that 'more work was required' to facilitate internal trade. A recent opinion-editorial by Canada's Minister of Transport and Internal Trade signaled her intent to tackle internal trade barriers, including "lengthy certificate recognition and licensing processes [that] delay regulated workers from going where they are needed most".

A Canada-US trade dispute could pose limitations on Canada's ability to tap into American adjuster capacity, in which case Canadian adjuster capacity would be tested like never before. This uncertainty reaffirms the coalition's conviction that inter-provincial mobility barriers must be tackled without delay.

THE ARGUMENT FOR LICENSING RECIPROCITY ACROSS CANADA

Recently, our coalition has conducted a review of adjuster licensing requirements across all Canadian jurisdictions (see appendix) with an eye to identifying differences in hours of training, nature of education (including continuing education requirements), scope of license, and fees.

While not perfectly uniform in nature , our analysis uncovered far more similarities than differences between provincial licensing requirement regimes. For example, a Chartered Insurance Professional

(CIP) designation is accepted by most jurisdictions as the basis for a high-level license. Further, adjuster level descriptions differ slightly by jurisdiction, however oversight requirements generally do not. For instance, each jurisdiction requires a minimum license level before an adjuster is permitted to sign a report to insurers absent a supervisor's signature.

The similarities between licensing regimes reaffirms our industry's view that there is no reasonable public policy rationale for the continuation of disparate licensing regimes across the country. Canada should follow in the example of other jurisdictions that removed adjuster entry barriers. For example, in the United States, all but three states offer reciprocity on adjuster licensing, except for New York, California, and Hawaii. This allows for greater efficiency in responding to claims across most of the country.

Following its examination of a suitable approach that supports the mobility of out-of-province Canadian adjusters working on claims triggered by emergencies, we recommend that the Committee move quickly to move to licensing reciprocity across Canada.

NEXT STEPS

Our coalition requests a meeting with the Adjuster Licensing Committee to discuss this important matter.

Sincerely,

Celyeste Power, President & CEO
Insurance Bureau of Canada

Geoffrey Beechey, Chair and CEO
Canadian Association of Direct Relationship Insurers

David Fortier, président du conseil d'administration
Corporation des assureurs directs de dommages du Québec

Sangita Kamblé, President & CEO
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Michael Connolly, President
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