



June 30, 2011

Canadian Council of Insurance Regulators  
c/o CCIR Secretariat  
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### **Best Practices for Regulator Surveys**

I am pleased to be able to respond to the Best Practices for Regulator Surveys consultation on behalf of the Canadian Association of Financial Institutions in Insurance (CAFII). CAFII believes this paper provides an excellent approach to resolving key areas of industry concern with the use of surveys. CAFII is thus very supportive of the Survey Best Practices paper. CAFII also supports the checklist format. A checklist is very helpful to make sure all points are covered by regulators when a new survey is contemplated. Outlined below are several comments and suggestions from CAFII members for the Best Practices for Regulator Surveys document.

#### *1) Audience*

The paper was written by the CCIR for use by insurance regulators across the country. It would be very helpful however, if the guidelines in this paper could be shared and used by other regulatory bodies such as Insurance Councils and CISRO members, rate boards and consumer advocates who may consider undertaking an industry survey.

#### *2) Confidentiality*

In the Survey Design section you note “regulators should give respondents the opportunity to self-identify material they feel is confidential on a question by question basis.” While CAFII members agree with this, we still think that further protections are necessary. In particular, CAFII would like each jurisdiction to have in place legislated “privilege” provisions for self-assessment questionnaires. Questionnaires are an important part of the process of risk-based regulation as they allow regulators to focus their resources on areas of risk. For companies to be able to complete surveys fully about their practices, they must have assurance of confidentiality, i.e., that the information provided will not be used against the company in civil actions against insurers. We think it is an important part of this exercise that all documents related to a questionnaire have privilege. This would include documents in the regulators’ possession as well as documents in the company possession that were generated to satisfy the questionnaire process.

It is possible that jurisdictions share documents and summaries of surveys with other jurisdictions. Some jurisdictions may have legislated privilege provisions in place while others do not. We are concerned that access to privileged information may be obtained through the jurisdictions with fewest legislated protection of confidential documents. We therefore recommend that no survey documents be shared with jurisdictions that do not have the necessary privilege protection.

### 3) *Survey Information*

The completion of surveys takes a great deal of time by each company. Ad hoc surveys are not part of the regular work processes of organizations; they draw significant resources from companies and require input and research from a number of departments. CAFII recommends that the regulator consider if a survey is the right tool i.e. if it will elicit information that is consistent and clear, and should only be used if the information needed is relevant and timely to a current priority. We note from the Survey Best Practices document that regulators will coordinate with each other to determine if other regulators have recently conducted a similar survey or have data that can be used as a surrogate for the data requested. We also see that regulators will check to see if there is relevant information that is currently available and recent enough to be used instead of gathering new information. CAFII supports this direction and would like to reinforce the importance of using all available information in lieu of undertaking an industry survey.

### 4) *Timing*

As noted above, ad hoc surveys require a great deal of company time. It is therefore important to allow sufficient time for completion. The Best Practices paper notes that completion times are part of the industry consultation process and CAFII supports this. It is our experience that a minimum of 2 months is needed by companies to collect information and obtain the required approval and signature.

### 5) *Survey distribution and sign off*

The paper notes that surveys will be sent to the CEO or senior authority in the jurisdiction. It would be very helpful if the regulator alerted industry associations at the time a survey is released so that companies can ensure that the survey is received by the appropriate person and is being answered. Regarding attestations, previous surveys have required approval from the most senior levels in the institutions. When senior executive sign off is required, even more time and internal processes are required. CAFII therefore recommends that the paper specify that attestation should not be required from persons any higher in an organization than is absolutely necessary.

### 6) *Publication of results*

The paper advises that “where possible and appropriate” the final overall results should be published on the regulator’s website. We recommend that the decision to

publish results should be taken in consultation with the survey participants in each case.

Surveys and industry consultation papers share a similar purpose as information gathering tools from industry. CAFII recommends that many of the concepts in this paper, such as pre-consultation discussions of purpose, questions, timing and communication of results, can be applied to industry consultations as well as to surveys. CAFII extends our thanks to the CCIR for developing a best practices protocol for regulator surveys. Regulators have heard and responded to industry concerns in a very constructive way with this document.

Yours truly,

A handwritten signature in black ink, appearing to read "D. Minor", written in a cursive style.

Dave Minor, Chair  
Canadian Association of Financial Institutions in Insurance