

**Regulatory Update –March 18, 2015
For April 7, 2015 CAFII Board of Directors Meeting,
Prepared By Brendan Wycks, CAFII Executive Director**

Introduction

Federal/National

- **CCIR:**
 - CCCIR Working Group On Travel Insurance To Review Draft Survey With CAFII **(page 2)**
 - Carol Shevlin Outlines Vision For Working Group On Travel Insurance **(page 2)**
- **Travel Insurance Pan-Industry Project Group: TIPIP No Longer Meeting (page 2)**
- **Travel Health Insurance Association: THIA Issues Media Release On March Break Travel (page 3)**

Provincial

- **British Columbia:**
 - 10-Year Review Of FIA: Insurance Council To Propose Dollar Limit On Amount Of Creditor's Group Insurance That Can Be Sold Under Licensure Exemption **(page 4)**
 - FICOM Directive Letter On CGI Delayed As New Staff Executive Taking Over File **(page 5)**
 - FICOM Issues Report On BC Credit Union Continuance Under Federal Jurisdiction **(page 5)**
- **Alberta:**
 - Insurance Council Issues Regulatory Reminder To RIA Certificate Holders **(page 5)**
 - Insurance Council Invites CAFII Feedback On Latest Beta Version Of CIPR **(page 5)**
- **Manitoba:**
 - Insurance Council Issues Notification To All Potential RIA Stakeholders **(page 6)**
- **Ontario**
 - Province To Review Of FSCO's Mandate **(page 6)**
 - Canadian Bankers Association Responds To Ontario's CUCPA Review; Encourages Credit Unions To Transition To Federal Jurisdiction **(page 7)**
- **Quebec**
 - AMF Confirms Plans For Position Paper Consultation On E-Commerce In Insurance **(page 7)**
 - AMF Confirms Plans To Develop Regulation On Distribution Guide Template **(page 7)**
- **New Brunswick**
 - FCNB Releases Insurance Act-Related Rule For Consultation **(page 7)**

Federal/National

Canadian Council of Insurance Regulators (CCIR)

CCIR Working Group On Travel Insurance To Review Draft Survey With CAFII

Harry James, Director, Policy Initiatives with BC's FICOM and Chair of CCIR's Working Group on Travel Insurance, has arranged a meeting with CAFII representatives to review and receive feedback on an early draft of his working group's planned survey of travel insurance underwriters in Canada.

That meeting will take place during the first 60 to 90 minutes of the CAFII Executive Operations Committee meeting on March 24/15.

Harry has provided CAFII with an advance copy of the draft survey, which has been shared with EOC members via the meeting materials posted to the CAFII members' only site. He has placed an embargo on the draft survey, such that it not be distributed beyond CAFII EOC members themselves at this time.

Carol Shevlin Outlines Vision For Working Group On Travel Insurance

In a liaison lunch with Brendan Wycks on February 23/15, Carol Shevlin provided the following comments with respect to how the work of the CCIR Working Group On Travel Insurance will likely unfold:

- *we need to find out if there is a solid rationale and a firm underlying reason for the crisis of confidence in travel insurance coverage, which we've heard so much about anecdotally;*
- *we're going to have to do a very comprehensive data call to get at the information we're looking for. You need the facts first; and then we can figure what we need to do, if anything. Hence, the industry survey of travel insurance underwriters.*
- *we can see the work of the Working Group taking a full two years to be completed, but the plan is to have a substantive progress report in the form of an Issues Paper released before the end of 2015.*

So the steps in the Working Group's plan as Carol sees them are

- (i) conduct the industry survey of travel insurers;*
- (ii) analyze the survey data and figure out what it's telling us;*
- (iii) write an Issues Paper and provide it to CCIR by the Fall of 2015;*
- (iv) release a revised/refined Issues Paper to the industry, for consultation, in the Winter of 2016;*
- (v) Spring 2016 and thereafter: it will take until Spring 2016, when we have feedback from industry on the consultation document, before we're ready to arrive at substantive conclusions, and to start to work with the industry on long-term solutions.*

Travel Insurance Pan-Industry Project Group

TIPIP No Longer Meeting

In an e-mail notification to CAFII Board and EOC members on February 26/15, Greg Grant, EOC Chair, communicated the following:

On Tuesday, the CHLIA informed CAFII and THiA that it would be forming a high-level CLHIA member working group to address the CCIR's concerns around travel insurance. As a result, the TIPIP group will no longer be meeting.

As you know, I have expressed some concern around TIPIP's efficacy and I'm actually relieved that the CLHIA has taken this direction. TIPIP itself was a committee comprised of representatives of three industry associations all of which are answerable to their own members and it was proving difficult to address the CCIR's concerns in timely manner. By forming a high-level member committee, the CLHIA will be better able to drive the work required to provide solutions to the concerns the CCIR has identified. The decision we made at our last EOC meeting to form a CAFII Travel working group was therefore very timely and will allow us to do the same with regard to the issues of concern to CAFII members.

In terms of addressing Travel issues with the CCIR, rather than working through TIPIP, CAFII will address Travel issues with them directly through our ongoing meetings and other interactions.

In an update provided to Brendan Wycks on March 18/15, Karen Voin of CLHIA advised that the "senior-level member task force" was still in the process of being formed and that the Association was receiving a number of favourable responses and acceptances from company executives invited to serve on it.

Travel Health Insurance Association (THiA)

THiA Issues Media Release On March Break Travel

On March 3/15, the Travel Health Insurance Association (THiA) – a member with CAFII and CLHIA in TIPIP, which recently stopped meeting in favour of a high level CLHIA member task force – issued the following media release titled "Travel health insurance experts have advice for the busy March Break travel period: industry association wants all travellers to have carefree vacations":

As Canadians pack their bags and prepare to escape this brutal winter over March Break, the Travel Health Insurance Association (THiA), wants travellers to be sure they're covered in the event of unexpected health emergencies.

Alex Bittner, President of THiA, is available to talk on how Canadians can travel with confidence this year. He can speak to:

- *The golden rules of travel insurance*
 1. *Know your trip*
 2. *Know your health*
 3. *Know your travel insurance policy*
- *Why travel insurance contributes to a carefree holiday*
- *Explaining what provincial health plans cover outside of one's province*

THiA is pleased to support the recent announcement by The Canadian Council of Insurance Regulators (CCIR) to make the examination of travel insurance one of its key priorities in 2015. THiA is pleased that consumers and all segments of the industry will be brought into the conversation about travel insurance to solve issues which have long been in the forefront of THiA's mission to resolve.

"We are very supportive of the initiative. Our Association has been working tirelessly on behalf of the industry and consumers to ensure that the travelling Canadian is protected," said THiA President Alex Bittner.

"We need to work harder to ensure that more Canadians are travelling smart. Travelling without appropriate coverage can cause a lot of stress given that the cost of a broken limb in the United States can be up to \$25,000."

The [THiA website](#) has a guide available to help Canadians understand their travel insurance needs before they investigate policies.

British Columbia

10-Year Review Of Financial Institutions Act (FIA): Insurance Council To Propose Dollar Limit On Amount Of Creditor's Group Insurance That Can Be Sold Under Licensure Exemption

In a February 27/15 meeting with Gerry Matier, Executive Director of the Insurance Council of BC, CAFII learned that as part of the imminent 10-Year Review of the province's FIA, the Council will be raising the prospect of imposing a dollar amount ceiling on the value of creditor's group insurance that can be sold under the FIA's existing licensure exemption for creditor's group insurance.

This Insurance Council proposal is to be advanced at the behest of current Chair Ruth Hoyte, who is owner of Vernon-based insurance brokerage A.E. Berry Insurance and a past treasurer of the Insurance Brokers Association of BC.

Gerry indicated that the *quid pro quo* that the Council will be recommending – as part and parcel of a package – is that there would no longer be a prohibition against sales of insurance in financial institution branches.

The two key points in the Council's rationale/argument in favour of this recommendation are

- there is currently no real monitoring of or disciplinary process associated with those who are selling insurance under the licensure exemption that CGI currently has in the FIA; and
- with the imposition of a fairly low dollar amount ceiling, the net effect of this change would be to force anyone selling CGI in BC to be LLQP-licensed.

Gerry said that while this proposal will definitely be raised and put forward by the Council, he will be surprised, personally, if it advances beyond initial consideration by FICOM and the Minister's office.

In a related update provided to Brendan Wycks on March 17/15, Harry James, Director, Policy Initiatives at BC's FICOM, advised that FICOM is awaiting approval from the Office of the Minister of Finance to release the discussion paper that has been drafted to launch the formal consultation phase of the FIA Review. FICOM's Finance and Corporate Sector Policy Branch (FCSPB) has the lead role in co-ordinating the 10-Year Review, in consultation with the Minister's office, and will be releasing the document imminently and disseminating it to industry stakeholders. The consultation paper will be sent to all industry stakeholders that participated in the November 21/14 pre-consultation roundtable discussion in Vancouver with Finance Minister Michael De Jong, where EOC Chair Greg Grant represented CAFII.

FICOM Directive Letter On CGI Delayed As New Staff Executive Taking Over File

BC FICOM's directive letter on the 'effecting' of CGI issue has been further delayed, as the file has been transferred to a new Executive Director on the Commission's management team who is heading up the market conduct supervision group. The new Executive Director, Kristine Wright, is currently on vacation.

Harry James, FICOM's Director, Policy Initiatives, who had previously been responsible for this file, provided that update to Brendan Wycks on March 17/15.

Earlier in January and February, Harry had advised that he was working on a draft communique on the effecting of creditor's group insurance issue in concert with counterpart regulators from the other three Western Canada provinces. The letter would ultimately be issued by FICOM, with or without the endorsement of the other three jurisdictions. Harry indicated that the letter would clarify FICOM's position on 'effecting'; expectations about ensuring appropriate controls and oversight are in place over CGI; and about the structure of CGI contracts.

FICOM Issues Report On BC Credit Union Continuance Under Federal Jurisdiction

On February 25/15, FICOM issued the results of its Credit Union Continuance Working Group's analysis of the impacts of a BC credit union's continuance to federal jurisdiction.

The Working Group's study was prompted by the federal government's passage of Bill C-9 and related regulations in 2010, which permit the creation of a federal credit union through amendments to the Bank Act and Canada Deposit Insurance Corporation Act.

The Working Group made four recommendations to the Superintendent of Financial Institutions with respect of the principles and process that a BC credit union must follow in order to transition into a federal credit union.

However, there is currently no framework in place through which FICOM can grant approval for such a credit union continuance. Therefore, FICOM will now begin to develop a decision-making framework to apply in the event it receives an application from a credit union seeking continuance as a federal credit union.

Alberta

Insurance Council Issues Regulatory Reminder To RIA Certificate Holders

The Alberta Insurance Council has recently posted on the home page of its website an "Important Regulatory Reminder" to holders of Restricted Insurance Certificates in the province. The reminder is a call to action based on the fact that all restricted certificates of authority will expire on June 30/15 and must be renewed on or before that date.

Insurance Council Invites CAFII Feedback On Latest Beta Version Of CIPR

The Alberta Insurance Council has invited CAFII to provide feedback on the latest beta version of its Canadian Insurance Participant Registry (CIPR), which has been updated with the needs of registrants for the new, nationally harmonized LLQP in mind.

In that connection, the Council has created a video to illustrate the functionality of the most recent beta version of CIPR. Brendan Wycks has forwarded an e-mail from AIC Chief Operating Officer Anthonet Maramieri to CAFII EOC members, in which she invites member FI licensing experts to watch the video and provide feedback on the current version of CIPR at any time.

Anthonet Maramieri has succeeded Tom Hampton, the AIC's long-serving COO who retired at the end of 2014. Originally from Ontario, Anthonet was previously a member of the executive team at Western Financial Group.

Manitoba

Insurance Council Issues Notification To All Potential RIA Stakeholders

On March 13/15, the Insurance Council of Manitoba sent a *Notification To All Potential Restricted Insurance Agent Stakeholders* to Brendan Wycks, for forwarding to CAFII members. Targeted recipients of the Notification are all organizations identified as requiring a restricted licence to sell incidental insurance products in Manitoba and/or stakeholders connected to such organizations.

After setting out the background context to the province's newly established Incidental Sellers of Insurance (ISI) regime, the Notification's key message is that further detailed information with respect to the new licensing regime, including a listing of the named entities that require licensing, the classes or types of insurance for which an RIA may be issued, the application form and all mandatory requirements such as professional liability insurance and the applicable fee(s), is available on the Insurance Council of Manitoba (ICM) website.

The ICM is requesting that all applications be submitted to our office by April 30, 2015 to allow our office time to add the information to the database for licensing effective June 1, 2015.

Ontario

Province To Review of FSCO's Mandate

Charles Sousa, Ontario Minister of Finance, has announced a review of the mandates of FSCO and the Deposit Insurance Corporation of Ontario (DICO) which it expects to be completed by early in the winter of 2015-15.

The review will include broad consultations with the financial services sectors regulated by these two agencies, such as the insurance sector, pension plans and credit unions. As well, a consultation paper will be posted online and the public will be invited to comment on the issues being examined. The government will consider any necessary legislative changes based on the outcomes of the review.

To assist in the review, the government has appointed the following three-member expert panel:

- George Cooke - former president and CEO of The Dominion of Canada General Insurance Company, and current chair of the board of directors of OMERS Administration Corp.
- James Daw - former Toronto Star personal finance columnist who has written extensively about all facets of Ontario's financial system.
- Larry Ritchie - Osler, Hoskin & Harcourt LLP partner and former vice-chair of the Ontario Securities Commission.

Canadian Bankers Association Responds To Ontario's CUCPA Review; Encourages Credit Unions To Transition To Federal Jurisdiction

In a February 5/15 submission to Ontario's Five-Year Review of the province's Credit Unions and Caisses Populaires Act, 1994, the Canadian Bankers Association recommended that "credit unions, particularly those that are large and systemically important, should be encouraged to transition to the federal credit union regime."

Quebec

AMF Confirms Plans For Position Paper Consultation On E-Commerce In Insurance

In an update provided to Brendan Wycks on March 18/15, Eric Stevenson, the AMF's Superintendent, Client Services and Distribution Oversight, confirmed that the previously communicated work plan for a new position paper consultation on e-commerce in insurance remains in place. He expects to release that position paper within the next several weeks for a 60 day consultation period with the industry.

The intent behind the position paper is to outline principles with respect to e-commerce that can ultimately be codified by the AMF in a Regulation related to the Distribution Act by the end of 2015.

AMF Confirms Plans To Develop Regulation On Distribution Guide Template

In an update provided to Brendan Wycks on March 17/15, Louise Gauthier, the AMF's Director, Distribution Practices and Self-Regulatory Organisations, confirmed that the previously communicated work plan for the Distribution Guide template remains in place.

Taking into account feedback received from industry in the Fall of 2014, the AMF plans to develop a draft Regulation on the Distribution Guide – under the auspices of the current Distribution Act if necessary. The draft Regulation will then be put out to the industry for a brief consultation period, with the goal of finalizing it before the end of 2015.

Louise advised that the AMF is currently prioritizing the regulatory changes that it needs to make to introduce the nationally harmonized LLQP on January 1, 2016; and then the Distribution Guide (Distribution Without Representation) Regulation will be next in line.

New Brunswick

FCNB Releases Proposed Insurance Act-Related Rule For Consultation

On February 25/15, New Brunswick's Superintendent of Insurance published proposed Rule INS-001, which relates to provisions on insurance licence fees and procedures currently set out in the Insurance Act, for industry feedback by April 27/15.

Under this proposal, the Financial and Consumer Services Commission (FCNB) is proposing to transfer the governance of insurance licensure fees from various Regulations under the Insurance Act to a Rule adopted by the Commission.

The Commission is also proposing increases to the fees, which have not been adjusted since the 1980s, as well as changes to the licensing application process. The purpose of many of the proposed changes is to improve the efficiency of the license application process and shorten the turnaround time for issuance of a licence.

The consultation document indicates that “the FCNB is working on developing an online licensing system, which would enable applicants to complete the whole application process online, including applications and payments.” This is something that CAFII has been advocating for, in all jurisdictions, for many years.