

July 13, 2015

Mr. Craig Whalen, Acting Superintendent of Insurance  
Financial Services Regulation Division, Service Newfoundland  
Confederation Building, 2<sup>nd</sup> Floor, West Block, PO Box 8700  
St. John's, Newfoundland A1B 4J6

**Subject: Electronic Beneficiary Designations**

Dear Mr. Whalen:

In a recent meeting with David Weir, New Brunswick's Deputy Director, Insurance, CAFII reaffirmed our support for legislation and/or regulation to enable electronic beneficiary designations. David noted that any change to facilitate electronic beneficiary designations would be undertaken on a regionally harmonized basis in Atlantic Canada; and encouraged us to write to the Superintendents of Insurance in all four provinces to express our support for this.

CCIR's October 2013 final position paper on "Electronic Commerce In Insurance Products" outlined the following points regarding "**Designation of Beneficiary**":

- To protect consumers, and to harmonize standards across Canadian jurisdictions, the Committee concluded that CCIR should recommend that insurers have in place effective systems for offering consumers the option of designating and changing beneficiaries by electronic means.
- Electronic beneficiary designation transactions should be acknowledged by electronic or other means as a critical protection against fraud.
- Any best practice guidelines, whether promulgated by industry or regulators, should clearly address evidentiary issues.

In the absence of specific legislative provisions that authorize electronic beneficiary designations, insurers continue to require designations to be made in paper form and without a designation on paper, benefits are paid to the estate by default. This not only delays insurance payments to beneficiaries, it also renders the insurance proceeds taxable and vulnerable to claims from creditors.

It is also worth noting that when consumers choose to purchase life insurance online or via telephone, they don't expect to have to fill out paper forms that subsequently arrive in the mail. As a result, they may procrastinate and forget to submit their beneficiary designation and with more and more consumers choosing to purchase insurance by e-commerce, this problem can only get worse.

Therefore, it is our view that it would be in consumers' best interests to give them the ability to designate a beneficiary and/or notify an insurer of a beneficiary change via their channel of choice, including by electronic means. At the same time, CAFII agrees that in order to protect consumers from fraud, electronic beneficiary designations should be acknowledged by electronic or other means. And, in keeping with provincial electronic commerce legislation, an electronic beneficiary designation should be an option requiring the consent of both parties and not be mandatory for the insured or the insurer.

CAFII supports harmonized approaches to legislative and regulatory change, and we therefore encourage you to work with your Superintendent colleagues from the other Atlantic Canada provinces to address this important issue at the earliest possible opportunity.

Should you require any additional information or further elaboration on the rationale for CAFII's position, including the safeguards our members have in place to protect consumers under a regime that permits electronic beneficiary designations, please contact Brendan Wycks, our Executive Director, at [brendan.wycks@cafii.com](mailto:brendan.wycks@cafii.com) or 647-218-8243.

Sincerely,



Greg Grant, MBA, FLMI, ACS  
Board Secretary and Chair, Executive Operations Committee  
Canadian Association of Financial Institutions in Insurance

## ABOUT CAFII

The Canadian Association of Financial Institutions in Insurance (CAFII) is a not-for-profit industry Association established in 1997 whose primary focus is on fostering an open marketplace and making insurance simple and accessible for Canadians.

CAFII members include the insurance arms of Canada's major financial institutions – BMO Insurance; CIBC Insurance; Desjardins Financial Security; National Bank Insurance; RBC Insurance; ScotiaLife Financial; and TD Insurance – along with American Express, Assurant Solutions, Canadian Premier Life Insurance Company, and The CUMIS Group Ltd. Members provide a full range of products through a variety of channels including; client contact centres, agents/brokers, travel agents, direct mail, branches of financial institutions, and the internet.