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**Regulatory Update – Executive Operations Committee, April 17, 2014**

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**Executive Summary of this Issue**

- **BC's FICOM Issues Open Letter And Two Question Survey On "Creditor's Group Insurance Issue."** **Page 2:** An open letter to all insurers authorized to offer creditor's group insurance in BC includes a two question survey intended to ascertain the prevalence in the market of creditor's group insurance products which may contravene BC legislation. Questionnaire responses are due by May 9.
- **CAFII Meeting With Manitoba Minister Of Finance Confirmed For April 29.** **Page 3:** Deputy Superintendent Scott Moore feels that CAFII's upcoming meeting with the Minister of Finance is timely and could help move the province's pending Incidental Sellers of Insurance regulation forward.
- **CAFII Response To 2014 FSCO Statement Of Priorities.** **Page 3:** CAFII has a draft response submission in-progress. Deadline for submissions is May 30, 2014.
- **New Brunswick To Eliminate Consumer Advocate For Insurance.** **Page 4:** Ronald Godin's run of more than a decade as New Brunswick's Consumer Advocate For Insurance will come to an end this year, as the province has decided to eliminate this independent legislative officer position and fold its responsibilities into the Office of the Ombudsman.
- **Government Appoints Canada's First Financial Literacy Leader.** **Page 5:** Jane Rooney has been promoted into the role of Financial Literacy Leader, working within the Financial Consumer Agency of Canada (FCAC).
- **CFPB's Largest-Ever Consent Order Comes Down Hard On Deceptive Telemarketing And Unfair Billing Practices.** **Page 7:** Bank of America has been ordered to pay a settlement of \$727 million.

## **British Columbia**

### FICOM Issues Open Letter and Two Question Survey On “Creditor’s Group Insurance Issue”

On April 7, 2014, BC’s FICOM posted an open letter to Creditor’s Group Insurers on its web site, prior to mailing the letter to all entities licensed to offer creditor’s group insurance in the province. As previously indicated by Harry James, FICOM’s Director, Policy Initiatives, the letter includes a questionnaire consisting of two high level filter questions intended to ascertain the prevalence in the market of CGI products which may contravene BC insurance legislation with respect to the “structuring and effecting” of creditor’s group insurance.

Earlier, on March 12, Harry James had contacted Brendan Wycks to provide heads-up information about an issue related to creditor’s group insurance which had led the Commission to impose a Consent Order and fines totaling \$150,000 on Manulife Financial and its subsidiary company Benesure Canada.

The open letter requires that the completed one-page questionnaire be returned to FICOM by May 9, 2014.

## **Alberta**

### Alberta Insurance Council Launches Canadian Insurance Participant Registry (CIPR)

The Alberta Insurance Council has officially launched the CIPR via an announcement on its web site; and is requiring all licensees to log-in and go through a one-time conversion process which will use the existing Personal Profile information on record to automatically create a CIPR account.

The AIC advises that it is “working with several other jurisdictions to develop a national registry of individuals who hold certificates of authority or who are otherwise involved in the Canadian insurance industry. CIPR is the first step in that direction. Approximately 25% of the certificates issued in Alberta belong to individuals or businesses from other jurisdictions and the registry will uniquely identify these stakeholders. The creation of CIPR also creates the platform that will allow the AIC to take the next step in processing applications for new certificates and transfers of existing certificates online.”

“In addition, we continuously look for opportunities to improve service levels in order to reduce regulatory burden and allow you to focus on building your insurance businesses. One identified area of improvement is that of password management. CIPR provides a better and simplified solution that allows you to maintain your own passwords, utilizing the newest technologies available to ensure the security of your information. CIPR is a stand-alone service designed and built for the express purpose of securing the personal information of those involved in the insurance industry in Canada.”

The CIPR serves the following purposes:

- provides a single, secure location where you can maintain and control your personal information;
- requires you to specify an email address, rather than your license number, that will act as your login identification. You will use this and your choice of password to log into both CIPR and AIC systems; and
- gives you a unique business identifier that you can use to identify yourself with other industry players such as insurers, LLQP providers and CE providers.

## Alberta Insurance Council Announces 2014 Annual Stakeholder Information Sessions

The Alberta Insurance Council has announced that Stakeholder Information Sessions lasting 1.5 hours will be held in Calgary on the morning of May 15, 2014 and in Edmonton the morning of May 16, 2014. The Council's Board of Directors and the CEO will be presenting the Annual Report of the AIC for the year ending December 31, 2013. There will also be a demonstration of the newly introduced CIPR.

### **Manitoba**

#### Meeting With Minister of Finance Confirmed For April 29

CAFII's requested meeting with recently appointed Manitoba Minister of Finance Jennifer Howard – to make her acquaintance and discuss a range of industry issues – has been confirmed for Tuesday, April 29 at 3:00 p.m.

CAFII's attendees will be Moira Gill, Paul Yeung, and Brendan Wycks. The Minister's Scheduling Co-ordinator will advise Brendan Wycks of any additional Government attendees, once that is settled.

On April 16, Brendan Wycks spoke with Scott Moore, Deputy Superintendent of Insurance, to advise him of the confirmation of the April 29 meeting with the Minister. Scott was pleased to receive the heads-up about the meeting, and said that his office would be sure to inquire of the Minister's office as to whether Jim Scalena and himself should attend the 3:00 p.m. meeting.

At CAFII's request, Scott agreed to see if he could co-ordinate a meeting for the CAFII delegation with Jim Scalena, himself, and Erin Pearson earlier in the afternoon.

Scott seemed keen to meet with CAFII separately prior to the meeting with the Minister. He noted that even though everything re the ISI Regulation is ready to move forward on the Superintendent's end, nothing is happening and things seem stalled. They haven't yet been given an opportunity to brief Minister Howard and her Deputy Minister. He indicated that a number of stakeholders have been contacting him for an update on where things stand, given that this initiative has been two years in the making already, and he hasn't had much of a progress report to offer.

Scott noted that, fortuitously, CAFII's meeting with the Minister could be quite timely and helpful. The fact that a key industry stakeholder is coming in to see the Minister on April 29 may get the Superintendent, beforehand, the briefing opportunity they've been waiting on. And he intimated that if representatives from the Superintendent's Office are invited to be part of the meeting with the Minister, it would be helpful if the message about the importance and urgency of moving things forward was jointly communicated (ie. CAFII supporting the Superintendent's message).

### **Ontario**

#### FSCO Releases 2014 Draft Statement Of Priorities

On March 31, 2014, FSCO released its 17th Draft Statement of Priorities and posted it on its web site. The Statement outlines FSCO's and its Tribunal's priorities and planned initiatives for the coming year, and highlights the Commission's key accomplishments in the previous year. The deadline for response submissions is May 30, 2014.

Brendan Wycks has prepared a « thought starter draft » of a CAFII submission, which was reviewed with the Distribution and Market Conduct Committee on April 15. DMC members are to provide feedback on the preliminary draft by April 23, following which a further draft submission will be crafted for review by all EOC members.

## **New Brunswick**

### Province To Eliminate Consumer Advocate For Insurance

New Brunswick's consumer advocate for insurance will not be renewed when his term is up later this year and the independent watchdog's office will be permanently scrapped at the end of 2014.

Ronald Godin, who was appointed as the province's first consumer advocate for insurance in 2004, said he was told in a phone call two weeks ago that his term would not be renewed.

The insurance advocate's position was created shortly after the 2003 election campaign. Bernard Lord's Progressive Conservatives barely hung onto power and the party's poor handling of the insurance issue was blamed for the loss of seats, particularly in northern New Brunswick.

The insurance advocate was one of several reforms that were implemented at that time. While the office was created at the height of an automobile insurance crisis, Godin said he now deals with a substantial number of questions about other forms of insurance, particularly home insurance.

In 2011, Bernard Richard, a former ombudsman, wrote a report looking at ways to reform the number of independent legislative officers in New Brunswick. In his report, Richard recommended the insurance advocate's position be folded into the ombudsman's responsibilities as of January 1, 2015 and the advocate's budget be transferred to the Office of the Ombudsman.

## **Federal/National**

### **Canadian Insurance Services Regulatory Organizations (CISRO)**

#### LLQP Modernization

On March 18, Ron Fullan, Chair of CISRO and its LLQP Committee, e-mailed Brendan Wycks to provide the following updates:

- at the one-on-one stakeholder meetings held February 10, the Committee received requests for copies of the Detailed Planning documents for each of the study modules. The Committee has therefore posted a "Request for Access to Detailed Planning" document on the CISRO website (B. Wycks is taking care of this registration for access process); and
- the Committee has also posted the revised Curriculum document, along with the Curriculum Survey Results.

CAFII has another one-on-one stakeholder meeting with the LLQP Committee confirmed for May 28, 2014 from 10:15 to 11:00 a.m. The focus of the meeting will be providing feedback on the above-noted planning and curriculum documents, as well as the criteria to be approved as a course provider.

## **Financial Consumer Agency of Canada**

### New FCAC Deputy Commissioner To Speak At June 10 CAFII Event

On March 17, 2014, FCAC Commissioner Lucie Tedesco announced the appointment of Brigitte Goulard as Deputy Commissioner of the Financial Consumer Agency of Canada, effective immediately.

The Deputy Commissioner serves as the Executive Director of the Agency and the senior policy advisor to the Commissioner. Ms. Goulard will be responsible for all aspects of the administration of the Agency and will perform a role similar to that of a Chief Operations, Financial and Administrative Officer of the organization.

Ms. Goulard – a former employee of TD Meloche Monnex and, in that capacity, a one-time member of CAFII's EOC Committee -- brings experience and expertise from within the financial sector that will strengthen FCAC's capacity to maintain productive relationships and effective oversight. Before joining the Financial Consumer Agency of Canada, Ms. Goulard was the Vice-President, Policy and Government Relations, for Credit Union Central of Canada.

Maria Sanchez-Chung has secured a commitment from FCAC that Brigitte Goulard will be the guest speaker at CAFII's Regulatory Reception event on June 10, 2014 in Toronto.

### Canada's First Financial Literacy Leader Appointed

On April 15, Minister of State (Finance) Kevin Sorenson announced the appointment of Jane Rooney, a seasoned policy maker in domestic and international financial literacy issues, as Canada's first-ever Financial Literacy Leader.

Several years ago, a federal Task Force on Financial Literacy made a number of recommendations, including the appointment of a Financial Literacy Leader, to help ensure Canadians are equipped with the knowledge and skills necessary to make responsible financial decisions.

*The Financial Literacy Leader Act* provides for the appointment of a Financial Literacy Leader within the Financial Consumer Agency of Canada. The Financial Literacy Leader's mandate will be to collaborate and coordinate activities with stakeholders to contribute to and support initiatives that strengthen the financial literacy of Canadians.

Ms. Rooney joined the Financial Consumer Agency of Canada (FCAC) in 2002, and since 2008 has been Director, Financial Literacy and Consumer Education. In this role she directed and implemented two national, separately funded education programs—one with a focus on financial literacy that helps Canadians increase their financial knowledge and confidence in managing their personal finances; the second on consumer education which aims to increase consumers' knowledge and awareness of financial products and services, as well as their rights and responsibilities in this area.

Ms. Rooney is a member of a number of committees working on financial literacy within Canada and abroad. She is the Chair of the Government of Canada's Interdepartmental Committee on Financial Literacy. She is also Canada's representative on the Organisation for Economic Co-operation and Development's (OECD) International Financial Education Network and on the OECD's Advisory Board for the International Network on Financial Education.

## **Canadian Bankers Association (CBA)**

### CBA Welcomes New Financial Literacy Leader

On April 15, the CBA issued a press release welcoming the appointment of Jane Rooney as Canada's Financial Literacy Leader.

"We look forward to working with Ms. Rooney and she brings sound qualifications to the position," said Terry Campbell, President of the Canadian Bankers Association. "A dedicated Financial Literacy Leader will help achieve better coordination among the many financial literacy programs in place today and will help ensure that more Canadians have access to the skills and tools necessary to better manage their finances."

Banks in Canada recognize they have a shared responsibility in contributing to Canadians' financial literacy. Each day millions of Canadians turn to banks for advice to help them save, buy homes, start businesses and plan for retirement.

For over a decade, the CBA has brought financial literacy to Canadians through its high school seminar program, Your Money Students, which has taught more than 220,000 senior high school students about budgeting, borrowing, saving, investing, and fraud prevention. The non-commercial seminar is delivered by volunteer bankers from the local community and teaches young Canadians about responsible money management. Over 7500 seminars have been delivered to date across Canada. Your Money Students is offered in collaboration with the Financial Consumer Agency of Canada (FCAC).

Beginning in the fall of 2014, the CBA will launch Your Money Seniors, a new national financial literacy seminar program for Canadians who are retired or preparing for retirement. Your Money Seniors will be offered free of charge to seniors' groups across the country and will cover issues such as budgeting, cash management, financial abuse and frauds and scams targeted at seniors.

## **Canadian Life and Health Insurance Association (CLHIA)**

### CLHIA Welcomes Financial Literacy Leader

On April 15, CLHIA issued a press release welcoming the announcement of Jane Rooney as Canada's first Financial Literacy Leader.

The life and health insurance industry believes that Jane Rooney, as Canada's new Financial Literacy Leader, has a crucial role to play in coordinating national efforts to improve the financial literacy of Canadians. "Providing Canadians with the right knowledge and tools will help them to take control of their financial destinies", said Frank Swedlove, President of CLHIA. "The life and health insurance industry looks forward to working with Ms. Rooney and to supporting her initiatives towards strengthening the financial literacy of Canadians."

## **International/Global**

### **Consumer Financial Protection Bureau (CFPB)**

#### Largest-Ever Consent Order Comes Down Hard On Deceptive Telemarketing And Unfair Billing Practices

The Consumer Financial Protection Bureau recently announced a \$727 million settlement with Bank of America for deceptive telemarketing of debt protection products and unfair billing practices in connection with identity theft protection products. The case follows nearly identical allegations in other enforcement actions from the CFPB on these two topics.

The CFPB ordered \$20 million in civil money penalties; \$15 million in connection with the debt protection product and \$5 million in connection with the identity theft protection product. Total restitution, including refunds already given by the bank, amount to \$727 million; \$268 million for debt protection products and \$459 million for identity theft protection products.