

January 22, 2016

Financial and Consumer Services Commission  
200-225 King St.  
Fredericton, New Brunswick  
E3B 1E1  
Attention: Insurance Division  
[secretary@fcnb.ca](mailto:secretary@fcnb.ca)

Dear Sir or Madam:

The Canadian Association of Financial Institutions in Insurance (CAFII) appreciates the opportunity to offer comments on the FCNB's Position Paper on *Modernizing the New Brunswick Insurance Licensing Framework* for other-than-life agents and brokers.

Let me begin by congratulating the FCNB on repealing the requirement that that all licence applications and renewals be sworn under oath and on launching the online licensing system. We look forward to collaborating with the FCNB on the development of Phase 2 of the system where, in addition to completing initial applications online, we hope to have the ability to complete agent and insurer licence renewals.

### **Section-by-Section Comments:**

#### **1.1 Distinction between Resident and Non-Resident Other-than-Life Agents**

We support the FCNB's recommendation that the distinction between resident and non-resident other-than-life agents and brokers be eliminated. In addition, given that the updated Life Licence Qualification Program (LLQP) has harmonized entry-level proficiency requirements for life agents across the country, we would like this distinction to be eliminated for life agents and brokers as well.

With regard to recommending "a mechanism for the recognition of equivalent qualifications for applicants from other jurisdictions," CAFII encourages New Brunswick to take a leadership position by implementing automatic mutual recognition of licensed agents from other jurisdictions. We note that the *Reliance Model For Reciprocal Licensing* introduced by CCIR and CISRO in 2006 was intended to make it easier for regulators in other jurisdictions to rely on the requirements of an agent's home jurisdiction.

Two examples of where very positive modernizations have been made in this area in other jurisdictions are as follows:

- Nova Scotia's Insurance Agents Licensing Regulations (<https://www.novascotia.ca/just/regulations/regs/iagent.htm>) which make provision for such automatic mutual recognition; and

- the Insurance Council of BC’s 2015 policy amendment (<https://www.insurancecouncilofbc.com/Downloads/Publications/ICN%2015-008%20Change%20in%20Criminal%20Record%20Check%20Requirements%20for%20Non-Residents%20Applicants%20Who%20Reside%20in%20Canada.pdf>) with respect to non-resident license applicants who are subject to criminal record check requirements in their home province or territory.

## **1.2 Distinction between Agent and Broker**

CAFII supports FCNB’s recommendations that the distinction between agents and brokers be eliminated for licensing purposes. We agree that eliminating this distinction will produce greater inter-jurisdictional harmonization and support a level playing field for all industry participants.

## **1.5 Definition of “Agent” and Activities That Do Not Require a Licence**

While we are not opposed to the new definition, we would like to see the language in the form of draft legislation so we can ensure that it does not impair the beneficial licensing exemptions that are currently in place.

## **4.2 Continuing Education**

CAFII supports the FCNB’s recommendation to study the issue of mandatory continuing education for insurance agents further before determining whether to introduce it in the province, and we encourage you to engage with regulators from other provinces to pursue harmonization in this area.

## **5.1 Multi-Year Licensing**

CAFII is generally supportive of the FCNB’s recommendations in this area, but we request that the Commission issue a clarifying Information Bulletin to explain the factors that determine whether a one-year or two-year licence will be issued.

## **5.2 Application Date**

CAFII believes that the online registration system and related processes for licence renewals need time to prove themselves before firm decisions on these matters are made. In particular, imposition of late fees should be delayed until sometime after Phase 2 of the online licensing system has been launched.

## **6.2 Jurisdiction over Former Licence Holders**

Before commenting, CAFII would appreciate further information on what the range of possible actions against intermediaries who no longer hold a licence might include.

## **6.3 Interim Suspensions**

CAFII supports the recommendation that the Act be amended to authorize the Insurance Division to impose an interim suspension on an agent while an investigation is ongoing, provided that such authority is only exercised in exceptional circumstances.

## **6.4 Imposition of Conditions**

CAFII supports the recommendation that the Act be amended to clarify the Insurance Division’s authority to impose conditions during the term of an existing licence although, as in 6.2 above, we would appreciate further information on what conditions are being considered.

In addition, we recommend a legislative amendment to empower the Insurance Division to issue temporary licences in circumstances where issues pertaining to a licence renewal require investigation for purely administrative reasons and there is no significant risk to consumers, e.g. when technology systems go down for an extended period of time, or when a customer contact centre representative has been off on a maternity/parental or sick leave and the FCNB needs to examine the applicant's qualifications for licence renewal. Issuance of a temporary licence in such circumstances would provide business continuity to insurance providers without compromising consumer protection.

### **Conclusion**

CAFII appreciates the opportunity to comment on this important FCNB initiative, and we look forward to continued communication and input on these matters.

We are aware that the FCNB has undertaken a separate, Commission-wide review of the compliance and inspection authority provisions in the various Acts that it oversees and we look forward to having an opportunity to comment on any changes that are recommended as a result of that review.

Should you have any questions regarding the feedback in this submission, 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 dedicated to the development of an open and flexible insurance marketplace. CAFII was established in 1997 to create a voice for financial institutions involved in selling insurance through a variety of distribution channels, i.e. client contact centres, agents and brokers, travel agents, direct mail, branches of financial institutions, and the internet. CAFII members offer travel, life, health, property and casualty, and creditor's group insurance across Canada.

CAFII's full members are 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 major industry players American Express, Assurant Solutions, Canadian Premier Life Insurance Company, and The CUMIS Group Ltd.

CAFII believes consumers are best served when they have meaningful choice in the purchase of insurance products and services.