

June 5, 2015

Mr. Brian Mills
Interim Chief Executive Officer and
Superintendent, Financial Services
Financial Services Commission of Ontario
5160 Yonge Street, Box 85
Toronto, ON M2N 6L9
E-mail: priorities@fSCO.gov.on.ca

Subject: FSCO 2015 Statement of Priorities

Dear Mr. Mills:

I am writing on behalf of the Canadian Association of Financial Institutions in Insurance (CAFII) with respect to FSCO's 2015 Statement of Priorities. Below we comment on five of the 2015 priorities that are of particular interest to our Association.

1) Ensure financial services industry compliance with laws and regulations

CAFII supports Life Licence Qualification Program (LLQP) modernization and commends FSCO for its leadership on this initiative. We continue to participate with keen interest in the LLQP Committee's Stakeholder Consultation meetings and we look forward to the launch of the new, nationally harmonized LLQP on January 1, 2016.

2) Raise awareness of FSCO's actions in the financial services marketplace

CAFII believes that FSCO does a good job of informing industry stakeholders and consumers about its actions and we are pleased that the Commission makes a point of proactively meeting with stakeholders to consult on regulatory issues. Similarly, we value the bulletins and news releases that FSCO issues to keep stakeholders informed, such as the Insurance Agents e-Newsletter of May 22/15, highlighting "Upcoming On-Site Reviews of Life Insurance Agents." These communications promote compliance and increased consumer protection in the regulated sectors and we support FSCO's initiative to sustain and strengthen its work in this area.

3) Create common and integrated processes enabled by integrated technology solutions

One of the best ways for FSCO to improve the licensing and monitoring of insurance agents would be to take a leadership role in the harmonization of this function via a national electronic licensing system. A nationally integrated electronic licensing system could become the foundation for a system of vetting licence applications and for licensee supervision. A seamless integration of the Canadian Insurance Participant Registry (CIPR), being developed by the Alberta Insurance Council, with the private sector APEXA database would provide regulators and the industry with a powerful and cost-effective tool for licensing and monitoring agents.

4) *Enhance the collection, use, and sharing of market intelligence*

CAFII agrees that to be a responsive, risk-based regulator, FSCO must collect market intelligence and use the information to identify areas that need greater regulatory focus. Our caution in this area is that when the collection of market intelligence involves surveys and other forms of data collection from the industry, it must be undertaken in a measured fashion so that it does not become an undue burden on industry participants.

In addition, the industry is increasingly being asked to supply information in response to self-evaluative questionnaires and we believe that the information they contain should be protected by “self-evaluative privilege.” This was a position recommended by the Canadian Council of Insurance Regulators and adopted by Alberta and Manitoba in their recent *Insurance Act* reviews.

We recommend that, in the interests of harmonization, Ontario should also adopt self-evaluative privilege.

5) *Influence the development of provincial, national, and international regulatory policy*

We consider it vitally important that FSCO continue to play a significant leadership role in national coordinating bodies and in spearheading major harmonization initiatives. We encourage FSCO to continue to work diligently with other regulators and lead in efforts to reduce the red tape and overlap/duplication that exist in the current inter-jurisdictional licensing system, in order that contact centre and other multi-license distribution channels are better able to focus their resources on client service.

CAFII appreciates the opportunity to comment on FSCO’s 2015 Statement of Priorities and looks forward to continued communication and input on policy matters.

Should you require further information from CAFII or wish to meet with representatives of our Association at any time, please contact Brendan Wycks, our Executive Director, at 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. CAFII members provide insurance through client contact centres, agents and brokers, travel agents, direct mail, branches of financial institutions, and the internet.

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

CAFII is currently the only Canadian Association with members involved in all major lines of personal insurance. 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.

In addition, CAFII has 10 Associates that support the role of financial institutions in insurance.

CAFII members offer travel, life, health, property and casualty, and creditor's group insurance across Canada. In particular, creditor's group insurance and travel insurance are the product lines of primary focus for CAFII as its members' common ground.

CAFII's diverse membership enables our Association to take a broad view of the regulatory regime governing the insurance marketplace. CAFII works with government and regulators (primarily provincial) to develop a legislative and regulatory framework for the insurance sector that helps ensure Canadian consumers get the insurance products that suit their needs. Our aim is to ensure appropriate standards are in place for the distribution and marketing of all insurance products and services.