

**Regulatory Update – CAFII Executive Operations Committee, June 13, 2016**  
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## **Federal/National**

### **Canadian Council of Insurance Regulators**

#### CCIR Requests Pollara Presentation On Travel Medical Insurance Research Results

CAFII has replied affirmatively to a June 3/16 request from S. Jacobs, Secretary to CCIR's Travel Insurance Working Group (TIWG), for a further Pollara presentation in late June or early July on the results of the CAFII-commissioned research on Canadians' perceptions, confidence and satisfaction with travel medical insurance. Pollara Strategic Insights' Vice-President L. Martin will deliver the webinar presentation for TIWG and other interested CCIR members, using CAFII's Adobe Connect platform.

#### CCIR's Travel Insurance Review Issues Paper To Be Released In June

At CAFII's Reception event on June 7/16, CCIR Policy Manager S. Jacobs informed CAFII that the Council's Travel Health Insurance Review Issues Paper would be released by June 30, for a 90 day consultation.

#### CCIR's Release Of Revised Draft Annual Statement CLHIA To Be Delayed: CLHIA

In a June 6/16 liaison meeting, E. Hiemstra, CLHIA's Director, Distribution and Consumer Affairs, advised that the CLHIA-led industry group is still waiting to receive another iteration of the complaint handling section of the in-development Harmonized Annual Statement on Market Conduct from CCIR; and therefore CCIR would likely not be in a position to release a revised draft of the Annual Statement, for industry comment, for another two to three weeks.

### **Canadian Life and Health Insurance Association**

#### CLHIA Making Progress In Advancing Travel Health Insurance Reforms

On June 6/16, J. Weir, CLHIA's Director, Health and Dental Policy, advised B. Wycks that the CLHIA travel insurance committee recently completed its work on proposed *Reform #1: Development of common standardised definitions and exclusions* and that the committee's proposals were approved by the CLHIA Board on May 31. After the CLHIA committee's proposals have gone through plain language and legal reviews they will be circulated to CAFII for review and comment. The final document will be used to inform the CLHIA committee's work on *Reform #3: Standardised disclaimers and standardised presentation through a clear language cover page*.

Thereafter, the CLHIA committee will turn to its next priority among the eight proposed reforms: *Reform #8: Review of limiting claim rejections due to unrelated application errors/omissions*. With respect to that Reform, the CLHIA Board has directed the travel insurance committee to prepare a "Risk Paper" on the subject, as the Board sees this as an area of significant reputational risk for the industry and as integrally related to *Guideline G5, Travel Insurance*.

#### CLHIA Board Approves Revised *Guideline G7, Creditor's Group Insurance*

On June 6/16, E. Hiemstra advised CAFII that the CLHIA Board of Directors had approved the proposed revised version of *Guideline G7, Creditor's Group Insurance*. The revised Guideline, which will take effect on June 1, 2017, will now be circulated to CLHIA members and subsequently shared with insurance regulators across the country.

## **Canadian Bankers Association**

### CBA Consulting On Scope Of Bank Act Review In 2019

In a June 7/16 CAFII/CBA liaison meeting, A. Ciaparra, CBA's Director, Credit Market and Economic Policy, advised that the CBA was currently consulting both internally, among its Executive Council (Board) members, and externally, with the federal Department of Finance, as to what should be the scope and parameters of the next federal Bank Act Review. (In its March 2016 first budget, the Trudeau government deferred the Review from 2017 to 2019.)

At this time, it is not known whether the long-standing prohibition against banks retailing non-authorized insurance products from their branches will be included in the Review. A. Ciaparra encouraged CAFII members who have particular views on that matter to communicate those views to the CBA, through their Executive Council member, preferably by the end of June 2016.

## **Provincial**

### **Alberta**

#### CLHIA To Raise 'Conflict Of Interest' In Communications On CI Insurance Issue

On June 6/16, E. Hiemstra advised CAFII that in the letter she is drafting to J. Abram, CEO of the Alberta Insurance Council (AIC), with respect to its Life Insurance Council's recent decision that critical illness insurance cannot be sold appropriately under a Restricted Certificate of Authority, she will weave in the 'conflict of interest' issue relative to AIC decisions that affect competing distribution channels. (E.g. Kenneth Doll of Wealth Architects in Calgary, the current Chair of the Life Insurance Council who represents Life Agents and is also Vice-Chair of the overarching AIC, has 20 years' experience as an insurance and financial advisor, and has also been Vice-Chair of the Alberta Political Advocacy Committee of Advocis for the past seven years. The other Life Agents representative on the Life Insurance Council is Roy Jaques, a life insurance broker and advisor for the past 34 years. He is also a Past-President of the Edmonton Chapter of Advocis.)

### **Ontario**

#### Final Report On FSCO's Future Mandate With Finance Minister; Still To Be Released This Spring

David McLean, Secretary to the Expert Panel advising Ontario's Minister of Finance on the future mandates of FSCO, DICO, and the FST, advised CAFII on June 7/16 that the Panel's final report had been delivered to the Minister and the plan was still for its public release to occur this Spring, meaning on or before June 20.

#### **IFB, Advocis and FAIR Submissions On FSCO's Draft 2016 Statement of Priorities:**

##### IFB Repeats Call For Licensing Of Incidental Sellers Of Insurance

In its submission on FSCO's Draft 2016 Statement of Priorities, the Independent Financial Brokers of Canada (IFB) repeated its call (first made in its 2015 submission on BC's 10-Year Review of its FIA) for a licensing regime for incidental sellers of insurance.

### Advocis Repeats Call For Creation Of A Delegated Administrative Authority

In its submission on FSCO's Draft 2016 Statement of Priorities, Advocis repeats its call (first advanced in its 2015 submissions on FSCO's mandate review) for a Delegated Administrative Authority (DAA). A DAA would be a hybrid Insurance Council/self-regulatory professional organization responsible for licensing and registration, qualifications and continuing education, complaint handling, and disciplinary activities for all consumer-facing, individual financial advice practitioners, regardless of the product they sell.

### FAIR Canada Says Ontario's Insurance Laws Need Overhaul

In its submission on FSCO's Draft 2016 Statement of Priorities, FAIR Canada – the Foundation for Advancement of Investor Rights, currently chaired by Toronto Star consumer affairs columnist Ellen Roseman -- says the province's insurance laws and regulations need an overhaul, not just fine-tuning, in order to adequately protect consumers. FAIR argues that any future reforms should not simply be the result of discussions between regulators and industry groups such as the CLHIA, but should involve robust consultation with and input from consumers and consumer groups.

## **Newfoundland**

### Province Re-Imposes HST On Most Types Of Insurance And Increases Premium Tax

In its April 14/16 budget, the Newfoundland and Labrador government re-introduced a retail sales tax on most types of insurance premiums and also increased the existing Insurance Companies Tax by 1% to 5%. The level of HST on insurance premiums will be 15%. Both measures are effective July 1/16.

While the CLHIA is currently seeking clarification from Newfoundland on the matter, it believes that the tax increases will likely affect creditor's group insurance, particularly job loss insurance. Life insurance and some types of marine insurance are exempt from the tax increases.