Regulatory Update – CAFII Executive Operations Committee, June 15, 2017
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Federal/National

Canadian Insurance Services Regulatory Organizations (CISRO)

<u>Insurance Advisors And MGAs Likely To Face Stricter Supervision</u>
Insurance advisors and managing general agencies (MGAs) are likely to face stricter rules and closer supervision as insurance regulators across Canada zero in on distribution, according to representatives from the Insurance Council of BC, the AMF in Quebec, and the Insurance Councils of Saskatchewan who spoke at the Canadian Association of Independent Life Brokerage Agencies (CAILBA) conference on June 7/17.

In particular, supervision of intermediaries is a key priority, and changes may be necessary to improve oversight in this area, said the representatives from those three provinces during a panel discussion. <u>(In a meeting with CAFII representatives on June 2/17 in Saskatoon, Ron Fullan, Chair of CISRO, also shared this same priority as a key outcome of CISRO's June 1-2/17 meeting there.)</u>

The Insurance Council of British Columbia, for example, is considering changes to the supervisory model for newly licensed insurance advisors, said Rob Tanaka, the Council's director of policy and investigations. In that province, advisors who have held a licence for less than two years must be supervised by another individual at their firm.

"The idea behind that was mentorship," Tanaka said. "We wanted to bring new people in, have someone oversee them, help direct them with their education, review applications." However, the BC Council has found that some new advisors are not being effectively supervised and, in many cases, the supervisors are overseeing dozens, or even hundreds, of advisors at once.

MGAs and insurance carriers have an important role to play in screening insurance advisors and monitoring their activity, and it's critical that they fulfill that responsibility effectively, Tanaka added.

The BC Council is also considering changes to the continuing education (CE) requirements for new life insurance advisors, Tanaka said. Rather than allowing newly licensed advisors to choose their own courses to meet their CE requirements, he said the regulator is considering mandating more specific training for those advisors.

"For new entrants into our industry who complete the LLQP, they're brand new; we don't know that that's the appropriate model, to let those individuals determine what education they can take," Tanaka said. "We may contemplate in B.C. prescribing what that education looks like in the first three to five years, perhaps, for a new agent."

In addition, Tanaka said the BC Council is considering new restrictions around the use of the financial planner and advisor titles.

"You have life insurance agents who are holding themselves out as financial advisors or financial planners, when they don't have the credentials to do that," Tanaka said, noting that the regulator may soon update its guidance around the use of those titles.

Oversight of insurance intermediaries is also a key, ongoing priority in Quebec, said Louise Gauthier, senior director, distribution policies and compensation at the AMF. The Quebec regulator plans to begin gathering extensive information about the insurance distribution industry from firms and is developing a compliance guide for intermediaries.

The AMF is also considering outlining more specific regulatory responsibilities with respect to distribution, she said. "We may want to develop policy proposals to clarify roles, powers and responsibilities in the distribution chain, and our expectations with regard to each player, from the advisor to his firm, the MGA, and the carrier," Gauthier said.

Meanwhile, the Insurance Councils of Saskatchewan (ICS) is in the process of implementing a new set of regulations, which includes a requirement for MGAs to hold a new type of licence. Under the current rules across the country, MGAs are licensed as insurance agents. But the new licensing category in Saskatchewan will help to clarify the responsibilities of MGAs, said Ron Fullan, executive director of ICS.

"Anyone from the insurer down to the first level that touches the consumer is subject to oversight. So, as one of the players between the insurer and the consumer, clearly MGAs would fall into that category," Fullan said.

“Rather than license MGAs as agents … it seemed prudent to our policy-makers to create a licence for MGAs and then create requirements based on what MGAs do."

Canadian Council of Insurance Regulators (CCIR)

CCIR Releases Travel Health Insurance Products Position Paper
On May 31/17, CCIR released its Travel Health Insurance Products Position Paper, along with a related Media Release. The Position Paper sets out the Council’s final recommendations with respect to the reforms it expects the industry to make to the travel health insurance market to achieve the goal of enhancing consumer protection and increasing confidence in travel health insurance products.

“While the CCIR believes Canada has a strong and competitive travel health insurance marketplace, it also believes there are opportunities for improvements to be made,” the CCIR Media Release stated.

The Position Paper recommends

- the development of common standardized definitions and terminology;
- improvements to the application, screening and claims process;
- simplifying and improving disclosure documents;
- ensuring adequate controls and oversight mechanisms are in place throughout the product lifecycle; and
- improved training and information for sales forces.

“We have heard the concerns of the public and the insurance brokerage community and with this clear, nationally agreed way forward, we are reinforcing the pre-eminent goal of consumer confidence in their insurance protection when they travel," said CCIR chair Patrick Déry. "It is our belief that these measures will go a long way towards meeting consumer expectations wherever Canadians live in the country."

CCIR says it will monitor the industry’s implementation of the recommendations to ensure they are adopted in a timely manner. “CCIR members remain determined to see that the changes make a difference for all Canadians.”

CCIR Warns Non-Compliant Insurers That It Can Take Action On Annual Statement
On May 26/17, CCIR released a media statement indicating that while it is pleased with the overall rate of insurer compliance with its new Annual Statement on Market Conduct obligation, it is also warning non-compliant insurers that it can take action against them.

The new Annual Statement instrument provides Canada's insurance regulators with information on insurer operations and conduct; information "that can be used to identify not only trends, but also potential risks to consumers," CCIR indicated in its media statement. The provincial and territorial insurance regulators worked together through the CCIR to develop the Annual Statement as a common information return for Canadian insurers. This harmonized approach will allow regulators to receive consistent information and means that insurers operating in more than one province or territory file only one return, instead of responding to similar information requests from multiple regulators.

The deadline for insurers across Canada to file their first Annual Statement was May 1/17 and 90% of all insurers required to file had completed the Annual Statement on time. By the end of that week, the rate was up to 94%. "If necessary, regulatory action can be taken against any non-compliant insurer," stressed the CCIR.

"Overall, the industry has responded positively to the new information return and collaborative approach CCIR members have adopted for information gathering," CCIR Chair Patrick Déry said. "The information we are collecting will help Canada's insurance regulators to be more proactive," he added. "We will be in a better position to see and respond to potential risks and concerns before consumers are impacted."

CCIR members have entered into service agreements with the AMF to collect and manage the data on their behalf.

Canadian Life and Health Insurance Association (CLHIA)

CLHIA Annual Report Clarifies Timelines For Advancing Travel Insurance Reforms
In its recently published 2016-17 Annual Report, the CLHIA notes that it has been leading work, on behalf of the industry, to promote the implementation of recommendations made by CCIR's Travel Insurance Working Group (TIWG); and in that regard, the CLHIA travel insurance committee's work plan, which was shared with the CCIR, remains on track.

The analytical portion of the project is scheduled for completion by October 2017 and implementation is to follow on a staggered basis, the CLHIA Annual Report advises.

CLHIA Calls On FSCO To Develop Insurance Licensing And Oversight Regime
In its submission on FSCO's draft 2017 Statement of Priorities, CLHIA urges the regulator to establish a licensing and oversight regime for insurance distribution firms to facilitate proper oversight of insurance advisors, among other initiatives intended to contribute to the fair treatment of consumers.

CLHIA asserts that there's room for improvement in the regulatory framework; and that changes are needed in distribution to better serve the needs of clients and help insurers meet their compliance obligations.

"We believe that a regulatory licensing and oversight regime is required to establish distribution firms ([managing general agencies], national accounts, captive sales forces) as distinct, licensable entities with certain oversight responsibilities in order to provide consolidated oversight of agents," CLHIA says in its submission, urging FSCO to take a leadership role on that initiative.

CLHIA also supports a requirement for insurance advisors to conduct a needs analysis prior to recommending a product and to provide a letter after the sale explaining why the recommended product is suitable for the client.

Currently, Quebec is the only province in which advisors are required to conduct a needs analysis — and at this time, none of the provincial regulators require advisors to provide a "reason-why" letter. CLHIA recently updated its industry guidelines to include a recommendation that advisors provide this type of "reason-why" letter to clients as part of their regular sales practices.

With respect to FSCO's goal of enabling innovation, CLHIA lauds the regulator for acknowledging the importance of financial technology (fintech).

"We believe FSCO's risk-based approach to regulation combined with its commitment to stakeholder engagement will set the ground work for an effective approach to enabling innovation in Ontario's financial services sector while finding the appropriate balance for consumer protection," CLHIA's submission says.

Travel Health Insurance Association (THIA)

THIA Launches Travel Insurance Bill Of Rights and Responsibilities
On June 12/17, Canada's Travel Health Insurance Association (THIA) launched its Travel Insurance Bill of Rights and Responsibilities (BofRs), after endorsement by the Association's membership.

The news release announcing the BofRs indicates that travel health insurance was designed to give all travellers peace of mind and protect against unexpected medical expenses, noting that 95 per cent of submitted travel health insurance claims are paid in Canada, according to a KPMG survey of Canadian providers commissioned by THIA.

"Our goal is to see every claim paid. The industry came together and designed the Bill of Rights and Responsibilities to deliver a clear statement as to what the public can expect from their travel health policies," said Will McAleer, THIA's President. "Everyone deserves a carefree vacation and the new Travellers' Bill of Rights and Responsibilities will help provide Canadians with peace of mind when they take off, be it for business or pleasure."

The release notes that unexpected medical treatment outside of Canada can be expensive. The world's most expensive health care system is in the United States, which is also the most common travel destination for Canadians. A significant medical emergency in the US could cost $10,000 a day or more depending on the nature of the emergency.

The Travel Insurance BofRs builds upon the following key elements of travel health insurance:

- Understand your travel insurance policy – Insurance providers have staff available to answer any questions related to policies
- Know your health and consult a health care provider if you have any questions
- Know your trip - How long will you be gone? Are you a snowbird? Will you be travelling many times during the year?

Under THIA's Travel Insurance BofRs, travellers have the right to:

- A no obligation purchase: Travel insurance providers will allow a minimum 10-day free review of the policy.
- To Be Informed: You will receive your policy documentation and confirmation of coverage outlining the policy terms and conditions whether purchased in person, over the phone or online.
- To Request Clarification: You may ask questions about the travel insurance you have purchased.
- To Review & Modify Medical Screening: You will receive a copy of the answers you provided on the medical questionnaire prior to the start of your policy.

- To Receive Worldwide Assistance & Toll-free Support: You will have 24/7 access to the help you need when you need it from your travel insurance provider.
- To Fair & Prompt Claims Handling: You will have a timely and transparent communication process.
- To Escalate & Appeal: You may challenge decisions and request additional reviews with new information.
- To Confidentiality: Your personal information will be protected in all dealings with your travel insurance provider.
- To Know Your Insurer: Your policy will clearly identify the underwriter of your travel insurance and the process to file and resolve complaints.
- To Your Preferred Language: You may transact and correspond about all components of your travel insurance in English or French.

Travellers are responsible for the following:

- To Provide Accurate Information: The travel insurance application needs to be completed accurately.
- To Understand Your Policy: Take the time to read and understand your policy.
- To Travel With Proof of Insurance: Have your policy number and emergency assistance contact information easily accessible.
- To Notify Your Travel Insurance Provider: Provide prompt and timely communication when a claim situation arises and provide all requested documentation related to your claim including all relevant receipts.

Saskatchewan

Canadian Taxpayers Federation Takes Stand Against PST On Insurance Premiums

In a compellingly argued Op-Ed piece published in the Saskatoon Star-Phoenix and Regina Leader-Post on June 6/17, Todd MacKay, Prairie Director for the Canadian Taxpayers' Federation, strongly criticizes Premier Brad Wall's government for its decision to broaden the province's PST base to include insurance premiums. The opinion piece, titled "A tax on responsibility is an irresponsible tax", is reproduced in its entirety as **Appendix A** to this Regulatory Update.

Advocis Takes Stand Against PST On Insurance Premiums

The Saskatchewan government's pending sales tax on insurance premiums could jeopardize the ability of some individuals to afford life insurance, said Greg Pollock, president of Advocis), at the Canadian Association of Independent Life Brokerage Agencies (CAILBA) conference on June 8/17.

"This caught us a bit by surprise," said Pollock during an interview with Investment Executive. "It's the only province that has introduced sales tax on individual insurance products." Advocis has been lobbying against Saskatchewan's broadening of its PST base to include insurance premiums. Pollock noted that life insurance is a vehicle that some clients use to invest their savings.

"A lot of life insurance products are alternative forms of savings, and the government typically doesn't tax savings products," Pollock said. "We've asked [the government] to look at this again and examine this again and perhaps look at some alternatives with us."

In response to the industry's lobby efforts, the Saskatchewan government delayed the implementation of the new policy by one month (from July 1 to August. 1/17.) The government also changed the application of the PST to new insurance contracts only rather than applying it retroactively, as the budget stated initially.

IFBC Takes Stand Against PST On Insurance Premiums

The Independent Financial Brokers of Canada (IFBC) has asked its members in Saskatchewan to participate in a grassroots lobbying effort against that province's imposition of 6% PST on insurance premiums.

IFBC asserts that especially concerning is the fact that the PST will be a new tax on individual life, health and disability insurance premiums; and it's important that the government understands the potentially negative side effects that this tax could have on the ability of individuals and families to responsibly plan for their financial well-being.

In addition to submitting an IFBC letter of protest to Finance Minister Kevin Doherty, IFBC has provided its Saskatchewan members with a template for a letter **(Appendix B)** to send to their MLAs; and has encouraged all of its members to sign an online petition on Change.org started by Wiegers Financial and Benefits, a Saskatoon-based financial planning and group benefits consulting firm. The petition is called *Stop the Tax on Insurance Premiums Before it Starts*.

Canadian Snowbird Association Takes Stand Against PST On Travel Insurance Premiums

The Canadian Snowbird Association (CSA) has expressed its opposition to the Saskatchewan government's plan to tax travel medical insurance premiums.

"This change will make Saskatchewan the only jurisdiction in Canada which collects retail sales tax on travel medical insurance premiums and will increase the cost of travel insurance for Saskatchewan residents," said Karen Huestis, President of CSA.

"The CSA is firmly opposed to the planned application of PST to travel medical insurance premiums in the province. We urge the Saskatchewan government to keep travel medical insurance premiums tax exempt, as they are in every other province and territory in the country."

The CSA says travel medical insurance is necessary for those traveling outside the country since the provincial government only reimburses $100 per day for emergency healthcare received abroad. In addition, the CSA says this tax will push Saskatchewan travellers to purchase their travel medical insurance out of province.

Ontario

FSCO Reports Decrease In Insurance Advisors' Compliance Rates

Many life insurance advisors in Ontario are not complying with certain regulatory requirements and best practices, says FSCO based on recent examinations it has conducted.

Izabel Scovino, FSCO's director, market regulation branch, presented some key results from the regulator's insurance agent compliance examinations conducted in 2015-16 and 2016-17 at the Independent Financial Brokers of Canada (IFBC)'s Spring Summit in Toronto on May 12/17.

FSCO conducted approximately 200 examinations in each of those years, Scovino said, checking for compliance with its regulatory requirements as well as industry best practices. The results show a decline in advisors' level of compliance in many areas over the two-year period. "There's been a decrease in the compliance rate, not an increase, which we had hoped for," Scovino said. "There are areas, for sure, where there is some work that is required."

The decrease is partly a result of changes to methodology of the examinations, Scovino acknowledged. Specifically, in 2016-17, FSCO focused its examinations on insurance agents with a high or medium risk of non-compliance, such as those who had been the subject of complaints, or who had been disciplined by another regulator. "We changed our risk selection, so that what we were doing was targeting the higher-risk agents," Scovino said.

One area with a notable decline in compliance was continuing education (CE). Only 85% of agents examined in 2016-17 had completed their CE requirements, down from 95% the previous year.

Also dropping considerably was compliance with the requirement for agents to disclose to their clients in writing the names of providers of financial products or services that the individual represents. The proportion of agents who met that requirement fell to 72% in 2016-17 from 94% the previous year.

The proportion of agents with active errors and omissions (E&O) insurance also declined slightly year-over-year, to 97% from 98%.

The percentage of advisors adhering to certain industry best practices also declined during this two-year period. For example, the percentage of agents who had kept records of their client discussions dropped to 71% in 2016-17 from 81% the previous year, and those who documented their recommendations to clients plummeted to 71% from 89%.

Over the same period, the proportion of agents who had documented a needs analysis fell slightly, to 69% from 71%, while the percentage of those who kept records of policy illustrations also slipped slightly, to 85% from 86%.

Based on the 200 examinations conducted in 2016-17, FSCO made 61 recommendations for further regulatory reviews or enforcement action.

In the year ahead, fair treatment of the consumer will be one of the main areas of focus for FSCO, Scovino said. For insurance agents, that means the regulator will be looking closely at product suitability and disclosure.

Quebec

<u>Finance Minister Says Omnibus Bill Will Now Be Tabled In Early September</u>
On June 15/17, Audrey Cloutier, press secretary to Quebec Finance Minister Carlos Leitão, informed The Insurance & Investment Journal that the province's long-awaited Omnibus Bill on financial sector modernization would not be tabled on June 16/17 June as planned, but rather in the early days of September 2017.

To explain the further delay in the Bill's release, Cloutier recalled the scope of the issues to be addressed:

"It is imperative to ensure that the regulation of the financial sector is adapted to the new realities," she said.

"The proper functioning of the financial sector is based on modern corporate laws and on public confidence, hence the need to properly oversee it. The government now intends to undertake a comprehensive legislative reform. The purpose of each Act to be addressed is to promote the public interest. This interest is best served by legislation that allows consumers to take advantage of the opportunities offered by new technologies and business models in a regulatory framework that adequately protects them under the supervision of efficient and effective regulators," Cloutier added.

Ms. Cloutier added that the reform and modernization will be carried out in a single Bill, "which will help preserve the coherence of the regulatory framework."

She declined to clarify whether the tabling of the Omnibus Bill would be followed by a public consultation or hearings before a parliamentary committee.

Earlier, in a Quebec National Assembly Committee on Public Finance debate on May 2/17, an Opposition MNA asked Finance Minister Carlos Leitão if the government intends to hold consultations related to the long-awaited Omnibus Bill aimed at modernizing the province's financial services sector, once the Bill is tabled?

Minister Leitão replied "there has already been a great deal of consultation and we received many submissions. The positions of various industry bodies are well-known. We'll see. The industry has been amply consulted. There won't be any big surprises in this Bill."

<u>Quebec MGA Leader Blasts Finance Minister And FIs Over Chambre/AMF Merger</u>

A Quebec MGA leader has accused Quebec Finance Minister Carlos Leitão of succumbing to pressure from the AMF and major financial institutions by orchestrating the disappearance of Quebec's self-regulatory organization for financial advisors – the Chambre de la sécurité financière.

In an open letter published in French on the Journal de l'assurance's website in early June, Guy Duhaime, the CEO and founder of MGA Multi Courtage, doesn't pull any punches. He writes that the Finance Minister is being dictated to by the AMF, Desjardins Group, and the major banks. He cites Leitão's past as a "banker" as the reason he lends them "an attentive ear".

He also criticizes the AMF for being malleable to the lobbying efforts of the large FIs. These institutions, according to Duhaime, wish to see the Chambre disappear. Not only would this enable them to save money, it would also get rid of provincial regulatory obstacles and allow them to conduct their pan-Canadian business more smoothly.

Duhaime expresses outrage that the whole thing is being done "behind the backs" of advisors. "Without warning, during a public finance committee in early May 2017, the Minister announced that he would be eliminating our professional body, even before the proposed bill was tabled…" wrote Duhaime.

"Why the rush? To facilitate the sale of insurance by internet, or without an advisor? To look good for the International Monetary Fund's next visit? To counter arguments from Federal Finance Minister Bill Morneau regarding the proposed national securities regulator? Are we just the victims of a federal-provincial dispute?" Duhaime asks.

In his letter, Duhaime delivers a plea that he does not want to see the financial advisor profession transformed into that of clerk-sellers, relieved of all independence. The elimination of the Chambre would have this impact, he contends, and would take the role of advisors back 30 years.

"We also realize that the AMF quite often questions our role as independent advisers," Duhaime adds. "We are always portrayed as having 'conflicts of interest'. I want my status as a professional…to stop being questioned by the AMF and other Canadian jurisdictions."

<u>New AMF Strategic Plan Includes Focus On Insurance Sales Compensation</u>

The AMF recently published a new 2017-2020 Strategic Plan on its website that includes a focus on insurance sales compensation. The AMF plans to consult with the industry about compensation-related conflicts of interest.

International

United Kingdom

Financial Conduct Authority Issues Update On Regulatory Sandbox
The UK Financial Conduct Authority (FCA)'s regulatory sandbox continues to grow in popularity, the regulator announced on June 15/17.

The FCA reported that it had received 77 applications for the second phase of its regulatory sandbox from financial technology firms (fintechs), and that 31 of those applications had been accepted for market testing. In the first phase, it received 69 applications and 18 firms had testing plans approved in October 2016.

In the second phase, 24 firms are ready to begin testing shortly, the FCA said. The tests will cover a range of ideas including payment services utilizing distributed ledger technology (DLT) and artificial intelligence (AI) software that aims to better determine client preferences before financial advice is provided.
"The sandbox continues to grow in popularity and it is particularly encouraging that both the number of firms applying and accepted for testing has increased in cohort two. That means more innovative firms, trialling more innovative propositions to bring to the market. This is an important part of the FCA's commitment to promoting innovation and competition in the markets we regulate," said Christopher Woolard, the FCA's executive director of strategy and competition.

The FCA also reported that the first wave of tests within the sandbox had been completed, and that firms are preparing final reports, which will be reviewed before those firms transition out of the sandbox. "The majority of tests have developed as planned towards meeting their objectives and the FCA currently expects most firms to take forward their propositions to market," the regulator said.

The regulator is now accepting applications from firms to be part of the third phase of its sandbox.

Research, Thought Leadership, and Innovation

Life Insurance Industry Needs New Talent: LIMRA Conference Speakers
The life insurance industry needs to focus on talent management as it deals with an aging advisor force and a critical need for new skill sets, according to industry executives who spoke at the LIMRA and LOMA Canada Annual Conference on May 18/17.

Evolving technology and changing customer expectations are putting heavy pressure on the industry to innovate, which is driving the need for new types of talent, the speakers said.

"We clearly are seeing an evolution," said Todd Silverhart, corporate vice president and director of insurance research at LIMRA. Specifically, he said, customers are increasingly demanding an experience that incorporates modern technology and convenience with superior service.

In addition, insurers are realizing the importance of collecting and analyzing data in order to better understand — and serve — their customers. However, many companies are struggling to determine how to manage the data they have and how to use them to their advantage, said Richard Boire, senior vice president, Boire Filler Division at Environics Analytics.

"They're saying, 'We have all this data, but what do we do with it?'," Boire said. As a result, demand for data scientists among insurance companies is set to surge in the years ahead.

Demand is also growing for younger workers, and especially younger advisors, said Rino D'Onofrio, president and CEO of Mississauga-based RBC Life Insurance Company and senior vice president of Canadian insurance business with Royal Bank of Canada. He pointed to data showing that the average advisor in Canada is 62, which is also the average age at which Canadians retire.

The industry faces challenges attracting new talent. D'Onofrio pointed to LIMRA research showing that nine out of 10 millennials said no when asked whether they were interested in a career in insurance.

"They want to work for organizations that are investing in forward technology, and changing the world. Making a real difference in the world," D'Onofrio said. "When I hear that, it gives me pause … because that's actually what we do." Thus, the insurance industry needs to work at improving its reputation and communicating the positive impact that insurance has on individuals and their families, he noted.

BMO Partners With Ryerson University’s DMZ For Fintech Program
BMO and the DMZ at Ryerson University announced a partnership on May 26/17 that will see the launch of a “DMZ-BMO Fintech Accelerator” program, which aims to stimulate innovation and growth for financial services technology.

"Innovation and continuously evolving with our customers' needs is a constant driver for all that we do at BMO, which is why this expanded partnership with the DMZ is a natural fit," said Andrew Irvine, head, Canadian Business Banking & BMO Partners, BMO Bank of Montreal.

"The talented entrepreneurs that we get the chance to work with through this program have so much to offer to our industry. We look forward to collaborating with them and helping to provide opportunities that will enhance the Canadian fintech landscape and ultimately provide a better customer experience."

The program, taking place at the DMZ, will involve a four-month incubation period for the top six selected entrepreneurs, mentorship from BMO leaders, and a culminating event where each finalist will pitch their technology to a panel of BMO and industry-expert judges for a chance to execute a pilot with the bank and additional cash prizes.

"Partnerships in fintech are a key element to building innovations that offer opportunities to benefit Canadian consumers and businesses alike," said Abdullah Snobar, executive director of the DMZ at Ryerson University.

Robo-Advisor Begins Selling Life Insurance
Oakville, Ontario-based robo-advisor Invisor Financial Inc. announced in early May that it is expanding its online financial services offerings to include life insurance, which can be purchased using an entirely digital process.

Invisor's insurance division, Invisor Insurance Services Inc., has partnered with Toronto-based Teachers Life Insurance Society (Fraternal) to introduce the new digital insurance platform.

Individuals can use the platform to buy term life insurance policies up to $500,000, with terms ranging from 10 years to 40 years.

The purchase process can be completed entirely online, including a needs analysis to help clients determine the level of coverage they need and an underwriting questionnaire. Depending on the outcome of the questionnaire, clients can be approved instantly and invited to pay online. As soon as a payment is made, policy documents are sent via email, and the coverage takes effect immediately.

Op-Ed: It's wrong to impose the PST on insurance premiums
Todd MacKay, Prairie Director for Canadian Taxpayers Federation, Saskatoon Star-Phoenix 06.06.2017

A tax on responsibility is an irresponsible tax.

Premier Brad Wall is planning to impose the PST on insurance premiums. That will punish Saskatchewan families and businesses for taking responsibility to prepare for tough times. The premier has always said he'll acknowledge mistakes and reverse them. This is a huge mistake.

Saskatchewan families should do some quick mental math and add up their insurance bills, because they're going up by hundreds of dollars.

PST charges on insurance will hit families differently, but let's ballpark some numbers. A family might pay $97 a month to insure a used Dodge Caravan and another $81 a month to insure an older Honda Civic. Life insurance for both parents could be $78 a month. Insurance for the house might be another $147 a month. It adds up to $4,836 a year.

Adding the PST to that bill will cost that family $290 every year.

For Saskatchewan businesses, it's worse. Saskatchewan entrepreneurs need to call their bookkeepers about their current insurance costs because they're going up by thousands of dollars. For those insuring lots of vehicles, requiring bonding insurance or providing health benefits to numerous employees, the PST will cost tens or even hundreds of thousands of dollars.

Consider farmers. Tally up crop insurance, building insurance, vehicle insurance and livestock coverage and a farmer's insurance bill can easily hit $100,000 a year. Many farmers pay much more. The PST will add thousands or tens of thousands to farm insurance bills.

In fact, Saskatchewan farmers paid more than $91 million in Saskatchewan Municipal Hail Insurance premiums last year. Imposing the PST on insurance premiums will spike the cost of that hail insurance by nearly $5.5 million per year.

Even organized labour will recognize it will be harder to negotiate for health benefits because premium costs are inflated by the PST.

Here's the dirty secret about this issue: the Saskatchewan government already collects $150 million in hidden taxes on insurance premiums. The province has long charged a special one per cent tax on fire and auto insurance. It's a three per cent tax on life, sickness, accident and hail insurance. The tax goes up to four per cent on all other insurance.

Premier Wall is imposing the PST on top of those hidden taxes. That means the province is forcing Saskatchewanians to pay a sales tax on a hidden premium tax. That indefensible tax on a tax will cost taxpayers about $9 million every year.

If the Saskatchewan government is already collecting $150 million through hidden insurance premium taxes, it's a good bet the PST on insurance will cost taxpayers between $200 million and $300 million. Putting the PST on insurance premiums is a huge government cash grab.

This policy is even at odds with the government's goals.

“This budget represents a fundamental shift in our tax system toward consumption, but away from income and productivity,” said Finance Minister Kevin Dougherty in his budget speech.

There’s a case for taxing consumption rather than income, but insurance is not consumption. Insurance is a form of saving. Premiums are savings we use when a home is destroyed by fire or a crop is devastated by drought. It’s hard to imagine a government policy that’s served by discouraging saving.

And while hitting insurance premiums with the PST will cost everyone, it’s profoundly unfair to some. This will place a disproportionate burden on entrepreneurs who need insurance to manage the many risks they take when they start businesses and create jobs. It will disproportionately burden farmers who need insurance to manage all of the risks that come with a livelihood that depends on the weather.

It’s irresponsible for Premier Wall to impose a tax on people who are taking responsibility for protecting their homes, businesses, farms and families. Imposing the PST on insurance premiums is a mistake. Premier Wall must take responsibility for this mistake and reverse it.

Appendix B

IFBC Template For Saskatchewan Member Lobbying Letter To MLAs:

Dear [insert the name of your MLA here],

The Budget proposal to increase the Provincial Sales Tax (PST) on insurance premiums, and broaden the base of insurance products subjected to the PST, is of concern to me as a life insurance agent. I see first-hand the value that life and health insurance has for Saskatchewan families.

I worry that aspects of this proposal pose serious economic risks, specifically the application of the PST to individual life, disability and health insurance premiums. Many Canadians deal with two critical challenges: rising health care costs outside of the coverage offered by provincial health care plans, and saving for retirement.

Both these issues point to a need for prudent financial planning, and I am very proud of the part I play in this for my clients and their families. As an independent advisor, I have a unique perspective into the lives of my clients. I know that many households find that their budgets are already stretched thin, and I worry that increasing the cost of life, health, and disability insurance may cause consumers to forgo this important protection and risk the long-term well-being of themselves and their families.

I am also concerned about the retroactive nature of this tax to policies purchased and in payment before July 1. My duty as a life insurance agent is to put my clients into products that are suitable to their needs; a PST increase of 6% may make a previously affordable premium unaffordable. And, if policies become unaffordable to clients when the cost increases, the client may choose to cancel or lapse them, thereby forfeiting the premiums already paid. Worse still, individuals who choose to economize by cancelling their life, health, and disability insurance could find that they are no longer insurable when they seek replacement coverage in the future.

As my MLA, I ask that you give due consideration to my comments. This tax will have negative, and unintended, consequences on many individuals and families in Saskatchewan. The government should reconsider it.

Thank you,
[Insert your name here]