

July 5, 2019

Insurance Council of British Columbia
Suite 300, 1040 West Georgia St., PO Box 7
Vancouver, British Columbia
V6E 4H1
Attention: Brett Thibault, Director, Governance and Stakeholder Engagement
feedback@insurancecouncilofbc.com

Re: Consultation on Updated Guidance for New Life Agent Supervision Requirement

Dear Mr. Thibault:

CAFII commends the Insurance Council of BC for undertaking this consultation and we appreciate the invitation to comment on the issues set out in the paper.

As you may recall, creditor's group insurance and travel insurance are the areas of predominant focus for CAFII as an Association. Those are the product lines through which CAFII members offer simple, convenient insurance solutions for British Columbians and other Canadians through a variety of distribution channels.

That being the case, the subject matter of this consultation, enhancements to Council's *New Life Agent Supervision Requirement*, is somewhat out-of-scope for CAFII, given that sales of creditor's group insurance are exempt from licensing under BC's *Insurance Licensing Exemptions Regulation* and travel insurance sales in the province fall under a separate and distinct licensing regime.

However, we have chosen to make a brief submission and to focus our feedback and input on a select number of points raised in the consultation paper which we view as germane to our Association and its members.

Background

While CAFII agrees that the "inconsistent levels of oversight" by supervisors which Council has observed in its ongoing reviews falls short of reasonable regulatory expectations and that an Updated Guidance and more rigorous overall Supervision Requirement therefore seem warranted, we must qualify our agreement with the following cautionary considerations:

- there are life insurers of various sizes and operating models doing business in BC, all of which provide comprehensive support to their new life and accident & sickness agents including training programs and coaches who deliver direct support; and these companies also have in place a monitored and enforced code of conduct and strong oversight of their new agents. For those companies, the Updated Guidance duplicates many internal measures already in place while creating new documentation/filing compliance obligations; and
- Council should pause and consider whether the instances of inconsistent levels of oversight it observed were so prevalent that a supervision requirement infused with additional obligations should be imposed upon the entire industry.

Or, alternatively, whether dealing individually, on a case-by-case basis, with organizations which fall short of Council's expectations would be a better "finding the right balance" approach -- one which supports business efficiency and effectiveness through the avoidance of additional regulatory burden upon all industry players and ultimately enhances consumer protection by allowing businesses to focus their resources on optimizing the consumer's experience and satisfaction.

Definition Of "New Life Agent"

CAFII supports the Insurance Council's definition of a "New Life Agent" as set out in the *Updated Guidance On The Supervision Requirement For New Life and/or Accident & Sickness Insurance Agents*. In particular, we appreciate the following provisions within the definition:

- licensing within another Canadian jurisdiction will be taken into account when considering the amount of time for which a New Life Agent has been licensed; and
- Council will permit the use on a non-resident supervisor, so long as the non-resident supervisor meets the stated requirements and currently holds an active licence in British Columbia.

Those two provisions within the New Life Agent definition stem from a progressive and forward-looking policy position in BC; and they support a goal of which CAFII has been a strong proponent: a nationally harmonized system of mutual/reciprocal recognition for insurance licensing. Ideally, if a life insurance agent is duly licensed in one jurisdiction, that licence should be recognized by other Canadian jurisdictions under a nationally harmonized system of mutual/reciprocal recognition, with no further local requirements imposed, other than registration and fee payments.

In that connection, our Association has long advocated for interjurisdictional harmonization and the benefits it produces for both consumers, in terms of improved customer experience and satisfaction; and for businesses, in terms of facilitating efficiency and effectiveness and reducing regulatory burden which can stifle innovation.

CAFII also supports the New Life Agent definition's stipulation that an exception to the 24 months mandatory supervision requirement may be allowed where an applicant or new Life Agent holds a current Chartered Life Underwriter, Certified Financial Planner, or Registered Financial Planner designation; and that, in such cases, the period of mandatory supervision may be reduced by up to 12 months, upon application/request.

We view that professional designations provision as a beneficial form of credential/prior learning equivalency recognition which will provide helpful flexibility, without compromising consumer protection.

Each of the above-noted New Life Agent definition provisions also align British Columbia well with the *Canadian Free Trade Agreement (CFTA)*, which stipulates that individuals with recognized skills and qualifications should be able to work in their field in any jurisdiction in Canada, without undue impediment.

The Supervisor

CAFII appreciates the flexibility being built into the requirements to serve as a qualified supervisor, through the following provisions:

- the relevant experience to qualify as a supervisor can come from any Canadian jurisdiction (supports a nationally harmonized system of mutual/reciprocal recognition); and
- Council will consider exceptions to the minimum five years' experience requirement where an applicant to be a qualified supervisor can demonstrate alternate, relevant experience and/or education (it's important that an avenue is being provided for flexibility on this minimum experience requirement, especially with respect to different business models and distribution channels).

The Supervisor's Responsibilities

CAFII is of the view that the level of responsibilities and time investment required of a supervisor under the Updated Guidance requirements could limit the pool of experienced agents willing to take on the role. We support the notion that the number of new agents being supervised by any one individual should be reasonably limited. But we caution that by adding a further layer of compliance burden upon those who might be willing to serve as a supervisor, the proposed new requirements will create a disincentive for agents to take on the supervisor role.

New Life and/or A&S Agent Supervision Undertaking Form (Updated Form: Mandatory)

We have no specific comments or feedback on this form.

Supervision Period: Confirmation Of Completion (New Form: Mandatory)

With a view to minimizing regulatory burden, CAFII believes that there is a compelling argument to be made that this new *Confirmation of Completion Form* should only have to be submitted in those cases where a supervisor feels that an agent should not be granted an unrestricted licence.

Supervision Process Review Statement (New Form: Recommended)

We have no specific comments or feedback on this form.

Conclusion

CAFII appreciates the opportunity to comment on this important Insurance Council of BC consultation initiative, and we look forward to continued communication with and input to Council on related regulatory policy matters.

We would be pleased to meet with you, Mr. Thibault, and/or other Insurance Council representatives to discuss our feedback in more detail. Should you wish to arrange a meeting for that purpose, please contact Brendan Wycks, Co-Executive Director, at brendan.wycks@cafii.com or 647-218-8243.

Sincerely,



Martin Boyle
Board Secretary and Chair, Executive Operations Committee

ABOUT CAFII

CAFII is a not-for-profit industry Association dedicated to the development of an open and flexible insurance marketplace. Our Association was established in 1997 to create a voice for financial institutions involved in selling insurance through a variety of distribution channels. Our 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. Our 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 our members' common ground.

CAFII's diverse membership enables our Association to take a broad view of the regulatory regime governing the insurance marketplace. We work with government and regulators (primarily provincial/territorial) 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.

CAFII is currently the only Canadian Association with members involved in all major lines of personal insurance. Our 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 Assurant Solutions, CUMIS Services Incorporated, Manulife (The Manufacturers Life Insurance Company), The Canada Life Assurance Company, and Valeyo.