
CONFIDENTIAL DRAFT ONLY

November 30, 2016

Mr. Harry James
Senior Regulatory Advisor
Financial Institutions Commission
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Dear Mr. James:

Thank you for your letter of April 19, 2016 -- *Re: Response to CAFII CGI Follow-up Letter Dated March 15, 2016* -- addressed to Greg Grant, who was then Board Secretary and Chair of our Association's Executive Operations Committee; and to you, Lorena Dimma, Chris Carter, and Molly Burns for participating in a teleconference discussion with CAFII representatives on the same subject on April 14, 2016.

The information communicated in your letter and the preceding teleconference provided thorough and helpful clarifications for our members on some key points of uncertainty arising from FICOM's *Information Bulletin INS-15-002: Creditor's Group Insurance*. In particular, we appreciated

- your fundamental clarification that when the Bulletin speaks to the "effecting" of a CGI contract, it is speaking exclusively to the negotiation and procurement of a Group Master Policy and not to the enrolment of a debtor insured;
- your highlighting of the fact that FICOM has specifically stated that a creditor can designate a third party to be its representative in negotiating a Group Master Policy, provided that the creditor has an appropriate contractual relationship in place with that third party; and
- the perspectives and advice you shared on the issue of whether automobile dealers are both the distributor and creditor at the moment-in-time that they sell CGI coverage to a vehicle purchaser.

By way of update, with respect to auto dealers as creditors, upon further internal deliberations, our members now feel well-advised on this issue. We do not see any outstanding concerns that might prevent our members from being in compliance with the Bulletin's provisions by the enforcement date of March 31, 2017; and we believe that this matter may therefore now be closed.

Thank you again to you and your colleagues for the helpful clarifications and assistance provided to CAFII in these matters.

Sincerely,

Eleanore Fang
Board Secretary and Chair, Executive Operations Committee

c.c. Frank Chong, Acting Superintendent of Financial Institutions
Chris Carter, Acting Superintendent of Real Estate and Acting Registrar of Mortgage Brokers
Molly Burns, Analyst, Policy Initiatives

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.