



Alberta Insurance Council

Joanne Abram
Chief Executive Officer

December 22, 2016

Brendan Wycks,
Executive Director
CAFI
802 - 21 St. Clair Avenue East
Toronto, Ontario
M4T 1L9

Dear Mr. Wycks,

Further to our previous communications regarding the inclusion of critical illness insurance as part of credit related (CR) insurance sold under a Restricted Certificate of Authority, the Life Insurance Council ("LIC") made the decision to clearly define the products authorized for sale under the CR Certificate. After consulting with our industry stakeholders and considering the submissions received the LIC has approved the definitions as per the attached.

This information will be posted on the Alberta Insurance Council website early in January 2017.

On behalf of the LIC I would like to thank you for taking the time to participate with and to assist the Council in resolving this matter.

If you have any questions or concerns, please feel free to contact the undersigned.

I want to wish you a happy holiday season and with all the best in the New Year.

Yours truly,

J. L. Abram, (Mrs.)
Chief Executive Officer

JLA/dp
Encl.

For the purpose of S.454 of the Insurance Act the definition of Credit Related Insurance includes the following:

Creditors' disability insurance: the insurer will pay all or part of a loan if a borrower becomes disabled. The beneficiary of the policy is the creditor. The amount of the insurance usually corresponds to the amount of the payments that fall due during the period of disability;

Creditors' life insurance: this is a group insurance policy which pays off the loan when the borrower dies. The beneficiary is the creditor, and the amount of the insurance is the amount of the loan outstanding from time to time, subject to any limits in the policy;

Creditors' critical illness insurance: this is a group insurance policy under which an insurer undertakes to pay off credit balances or debts of a person, in whole or in part, if the insured individual is diagnosed with a covered illness or medical condition, and where the creditor receives and applies the insurance money to pay down or pay off the debt; and

Creditors' loss of employment insurance: this insurance pays off all or part of the debt owed to the creditor when the borrower becomes unemployed. The beneficiary is the creditor, and the amount of the insurance would generally be the payments missed while the borrower is unemployed.