



## TRANSLATION

March 29, 2019

Sent by email: [nathalie.sirois@lautorite.qc.ca](mailto:nathalie.sirois@lautorite.qc.ca)

Ms. Nathalie Sirois  
Senior Director, Supervision of Insurers  
and Control of Right to Practise  
Autorité des marchés financiers  
2640, boulevard Laurier, 3<sup>e</sup> étage  
Quebec City, QC G1V 5C1

### RE: OFFERING OF CREDITOR'S GROUP INSURANCE TO A DEBTOR'S SPOUSE

Dear Ms. Sirois:

This is further to our letter dated February 28, 2019, and our recent discussions concerning the AMF's oversight initiative aimed at some of our member companies for the distribution without a representative of creditor's group insurance on the life or health of a debtor's spouse.

We first wish to reiterate our members' position to the effect that Quebec legislation allows them to offer creditor's group insurance to a debtor's spouse, as outlined in our letter dated February 28, 2019.

That said, our members are committed to ensuring they adopt appropriate business practices that generate the fair treatment of consumers. With a focus on continuous improvement, they are currently reviewing their business practices relating to creditor's group insurance on the life or health of a debtor's spouse and they will each be submitting to the AMF an individual action plan applicable to their specific offering no later than May 3, 2019.

The fact is the industry markets a wide range of creditor insurance products that are broadly accessible to consumers through many types of distributors and various channels. For example, consumers can enrol in creditor insurance through a merchant or a financial institution, or in the form of optional credit card protection, and they can do so by different means, such as the Internet, in person, or over the phone. For the same type of product distributed by the same type of distributor, the offering varies across insurers.

Consequently, it is impossible to identify a single strategy or a single solution that would fit in all situations. The strategies and potential solutions considered by our members to satisfy the AMF's request must be adapted to their specific offering and their business model, all the more so as

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each member will have to develop and implement its own action plan based on multiple factors, including what is allowed by the configuration of its IT systems.

In view of the foregoing and as requested, a non-exhaustive list is provided below, for illustration purposes only, enumerating the possible strategies and potential solutions that may be considered by our members in their individual action plans to address the concerns raised by the AMF in this matter. Please note, however, that each insurer will have to review its own specific offering and determine the appropriate means to satisfy the AMF's request. Consequently, an insurer may or may not choose to adopt one or more of the following solutions to identify, for example, whether a pecuniary interest exists and, if so, to clarify the existence of that interest:

- Review of the contractual documentation (e.g. application forms, definitions of insured persons);
- Review of documentation provided when coverage is offered (e.g. distribution guides, advertising);
- Timely communication of relevant information to insureds (e.g. client correspondence, distribution guide/product summary and other information on the financial institution's website);
- Review of offer process (Internet, in person, over the phone), (e.g. review of scripts used by distributors);
- Confirmation from creditors that a pecuniary interest exists with regard to spouses;
- Review of training tools/messages to include the concept of pecuniary interest;
- Inclusion of the concept of pecuniary interest when developing the new summary that will replace the distribution guide.

In conjunction with these strategies and potential solutions, additional effort, initiatives and collaborative work between the industry and the AMF will help continue to ensure that appropriate mechanisms are in place so that debtors and their spouses are treated fairly when enrolling in creditor's group insurance distributed without a representative and they are able to make informed decisions, namely:

- Sound Commercial Practices Guideline;
- The Draft Regulation respecting alternative distribution methods, which will be adopted shortly, contains an entire section dedicated to consumer protection where insurance is offered through a distributor, with the following provisions:
  - a fact sheet and a summary will be delivered upon enrolment in creditor's group insurance to inform consumers, in a concise, user-friendly manner, of their rights and the main features of the product they are purchasing;
  - the insurer must oversee and supervise the offering of insurance products by its distributors, particularly by providing distributors with training; and
  - certain prohibitions with respect to compensation;
- The joint AMF-CLHIA work group, tasked with reviewing compliance issues relating to distribution through distributors and working jointly to find mutually satisfactory solutions to the identified issues;
- The annual DWR disclosure that the AMF intends to require from insurers will allow the AMF to effectively track the development of practices in this business segment and intervene in a targeted manner, when necessary;
- The ongoing work of various CLHIA committees relating to distribution without a representative, one goal of which is to foster sound and equitable principles in the conduct of the business of member life and health insurers operating in Canada;
- A review of CLHIA's Guideline G7 – Creditor's Group Insurance, which promotes consistent practices and standards in the life and health insurance industry.

We are confident that by embracing a holistic view of ongoing strategies and initiatives, maximizing synergies, and adopting a collaborative approach, we will be able to find a mutually satisfactory conclusion to this matter and we can assure you that our members are committed to working towards that end with the AMF.

Please do not hesitate to contact the undersigned if you have any questions or would like to discuss the matter at further length.

Sincerely,

(signed)  
Lyne Duhaime  
President, ACCAP-Quebec, and Senior Vice President,  
Quebec Affairs and Market Conduct Policy and Regulation