

## Lunch Between ICBC's Janet Sinclair, Brett Thibault, and Keith Martin

May 8, 2024

Keith Martin held a lunch with Janet Sinclair, the President & CEO of the Insurance Council of British Columbia, and Brett Thibault, Director, Insurance Council of BC, at the request of Janet Sinclair. Ms. Sinclair and Mr. Thibault were attending CISRO meetings in Toronto.

Ms. Sinclair and Mr. Thibault were notable for their collegiality and friendliness, with Ms. Sinclair repeating on many occasions her desire to listen, learn from the regulated entities, and adjust the requirements around the Restricted Insurance Agent regime as necessary based on feedback from industry. Ms. Sinclair noted that the Insurance Council of BC has grown, and currently has over 100 employees.

Keith Martin said that many of CAFII's members were concerned that as currently structured, some of the requirements around representatives offering insurance are too onerous, and it appears like the Insurance Council is attempting to implement a licensed regime in an unlicensed environment. Mr. Martin added that unlicensed individual representatives do not need the level of detail of a licensed individual, and are not offering advice or making recommendations. Ms. Sinclair said that the intention was absolutely not to replicate the LLQP requirements, and that there was just a desire to ensure that representatives understood the products they were offering and could answer basic questions like what is covered and what is not.

Ms. Sinclair particularly emphasized that the third party administrator of what a representative needed to know about the products they offered, and which would administer a test to confirm that knowledge, **could be the corporate license holder (i.e. a bank or insurer) itself**, so long as the Insurance Council of BC was able to confirm with the institution that the training and test met their expectations. She said that she was concerned that this perhaps had not been well-communicated, and that the Insurance Council would make that clearer going forward.

On the subject of this regime replicating what already exists in BC for travel insurance, Keith Martin noted that CAFII members would not view the travel insurance sector as comparable to the environment for banks and insurers, with their rigorous training measures and excellent controls. Keith Martin noted that CAFII's members embedded many requirements around product knowledge, exceptions, limits, disclosures etc. into their processes and technology, offering the employee triggers and scripting based on different scenarios and situations. This removed the requirement for an unlicensed individual to remember all the details and lowered the potential for human error.

As an example of the power of anecdotes, Ms. Sinclair said that a member of her Council had recounted at a council meeting that he had purchased travel insurance at a bank branch, asked a question, received an answer they did not understand, called the branch back, got a different answer, and then called again and got a third different answer. She said that this individual relayed this story to the Council, and that others said that they had had similar experiences. I expressed my

surprise as banks and insurers have rigorous processes in place, but said that with millions of customers and interactions there was always the possibility for some anomalous outcomes. I also mentioned the hostility of the advice and commissioned channel to products offered direct to customers through unlicensed channels, and they both readily admitted that they were aware of this reality and agreed it was a factor.

Ms. Sinclair said that she had spoken to executives administering other RIA regimes and they each said that they would monitor what the Insurance Council of BC ultimately implemented, and would consider adjustments to their own regimes if BC's approach appeared to enhance customer protections. I said that we asked regulators to provide evidence that additional regulation was going to produce the results desired, and that there was also a benefit to avoiding administrative burden. Ms. Sinclair said that she felt that was completely reasonable, and that she was not a fan of regulation for regulation's sake. Keith Martin noted the letter CAFII had written CISRO asking why all the RIA regimes could not be the same, and what benefit was conferred to customers from the subtle changes from one regime to another. Ms. Sinclair said she looked forward to reviewing the letter, and said that the Insurance Council would very carefully review our submission on the current proposal around the development of an RIA regime in British Columbia.

The lunch also included much friendly banter, and at its conclusion at 1.30pm Keith Martin walked Ms. Sinclair and Mr. Thibault to the offices of the CLHIA, where they had a one-hour meeting with Luke O'Connor and Sherri Langford.