

5 February, 2024

Judith Robertson, Commissioner, Financial Consumer Agency of Canada (FCAC)
Financial Consumer Agency of Canada
Supervision and Enforcement Branch
427 Laurier Avenue West, 5th floor
Ottawa, ON K1R 1B9
compliance@fcac.gc.ca

Dear Ms. Robertson,

Re: Public Consultation—FCAC's Proposed Guideline on Complaint-Handling Procedures for Trust and Loan Companies and Insurance Companies

CAFII would like to thank the Financial Consumer Agency of Canada (FCAC) for the opportunity to comment on your ***FCAC's Proposed Guideline on Complaint-Handling Procedures for Trust and Loan Companies and Insurance Companies***, and we would also like to thank the Agency for providing us with an extension to the deadline for comments to 5 February, 2024.

The FCAC proposes to extend the existing *Guideline on Complaint-Handling Procedures for Banks and Authorized Foreign Banks*, which was published on January 27, 2022 and came into force on June 30, 2022, to other financial services entities including federally chartered insurance companies.

Federally-regulated insurance companies already report to the FCAC under the provisions of the *Insurance Companies Act*. The proposed Guideline with new expectations around reporting would significantly increase the regulatory burden on insurance companies. The Guideline would change the definition of complaints to capture any dissatisfaction, and as well would create a requirement around reporting on level 1 complaints. We have many concerns about this broadened definition and expanded reporting requirements. A broadened definition will capture issues that are not traditionally viewed as true complaints, and any consumer protection 'benefit' of resources being deployed to report on these matters that are often resolved by the front-line employee is not clear. Resources may be better deployed on enhancing the customer experience as opposed to increasing complaint reporting requirements.

Introduction of the proposed Guideline means that insurance companies will need to make significant investments in processes and technology to allow for this expanded reporting, and we question whether this is the best investment/allocation of resources. There will also be confusion caused around distributors' reporting requirements versus the requirements placed on insurers. Insurers often do not have the customer-facing relationship, while bank distributors often do. How the reporting obligations are determined between these two channels with the same customers could result in duplication, redundancy, and inconsistency.

In terms of duplication, the Canadian Council of Insurance Regulators (CCIR) is already capturing reporting around complaints and we would encourage FCAC to engage with the CCIR to harmonize the approach to reporting, so as to avoid onerous new requirements as well as a non-harmonized approach.

As insurance is provincially regulated we seek as harmonized an approach as possible, and the introduction of a new more onerous federal requirement moves the industry in the opposite direction.

We also note that there are unique requirements to the FCAC complaints procedures including around timelines that are different from what our members comply with in respect to CCIR complaints-handling expectations.

We would suggest that prior to FCAC contemplating the extension of the Guideline to other institutions, it would be appropriate for FCAC to first report on whether the existing Guideline for banks is meeting its expectations and is producing the desired consumer protection benefits. We support the key role regulatory bodies play in promoting consumer protection, but we believe that regulations and rules need to be based on evidence that they are advancing such goals in the most efficient and effective way possible.

Should you require further information from CAFII or wish to meet with representatives from our Association on this submission or any other matter at any time, please contact Keith Martin, CAFII Executive Director, at keith.martin@cafii.com or 647-460-7725.

Sincerely,

Rob Dobbins
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 credit protection, travel, life, health, and property and casualty insurance across Canada. In particular, credit protection 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 which helps ensure that Canadian consumers have access to insurance products that suit their needs. Our aim is to ensure that appropriate standards are in place for the distribution and marketing of all insurance products and services.

CAFII's 14 members include the insurance arms of Canada's major financial institutions--BMO Insurance, CIBC Insurance, Desjardins Insurance, National Bank Insurance, RBC Insurance, Scotia Insurance, and TD Insurance, along with major industry players Assurant Canada, The Canada Life Assurance Company, Canadian Tire Bank, Chubb Life Insurance Company of Canada, CUMIS Services Incorporated, Manulife (The Manufacturers Life Insurance Company), and Securian Canada.