

INSTRUCTIONS

Please answer the following questions fully and concisely and return the completed inquiry to Roberta Lam at roberta.lam@ficombc.ca by March 25, 2019.

You may contact Roberta Lam by email or telephone at (604) 218-8439 if you have any questions regarding this inquiry.

FICOM may conduct a more detailed follow-up inquiry with individual insurers or seek additional supporting documentation to validate responses received.

All responses received by FICOM will be handled in adherence to section 218 of the FIA.

INQUIRY

Full Legal Name of Insurance Company: _____

Contact Person (Name, title and email address): _____

Information about your creditor group insurance products (CGI) offered in BC

1. Does your company currently offer CGI in BC?
- ☐ Yes ☐ No

If you answered 'No' to the above question, you do not have to complete the remainder of the inquiry and can proceed to the signature section at the end.

2. Please indicate your company's premium income earned from CGI in BC for 2018.
3. Please indicate all distribution channels selling CGI (e.g. mortgage brokers, auto dealers, pay day lenders, credit unions, retailers, etc.).
4. Provide the names of financial institutions (including federally regulated financial institutions, such as banks) selling your CGI products.
5. Specify the types of products you are providing CGI coverage for (e.g. mortgages, consumer loans, credit cards, car loans, etc.).

Adherence to Information Bulletin INS-15-002 (Bulletin)

Expectations for Insurers

The Financial Institutions Commission (FICOM) expects insurance companies to have robust and effective oversight and controls over its CGI products, from formation of the contract to the settlement of claims.

Where an insurer uses a third party in the sale or distribution of an insurance product, the insurer must extend its oversight and control regime to the functions provided by that third party.

At a minimum, an effective oversight and control regime includes the following:

- I. Ongoing monitoring, reporting and auditing procedures to ensure insurance is being sold in the manner expected by both the insurer and the creditor, is suitable to the needs of the consumer, and is in accordance with legislative requirements. This includes ensuring that:

- coercive sales practices are not taking place;
- all disclosure requirements set out in legislation are being met;
- consumers are clearly aware of the voluntary nature of the product;
- controls are in place to mitigate against enrolment of ineligible insureds;
- unauthorized or unlicensed insurance activity is not taking place;
- all product materials are clear, written in plain language, and provide sufficient information on terms and conditions of the contract for the consumer to make an informed choice; and
- all product materials indicate how to contact the insurer for information, clarification, changes and disputes.

Questions

1. Please describe how your company has responded to the oversight and control regime expectations set out above.
 2. Explain how you monitor, report and audit CGI distribution and products to ensure third party adherence with the above expectations.
- II.** Established ongoing training programs for exempt sellers to ensure they have current and appropriate knowledge and understanding of the product offerings and materials being provided to consumers.

In particular, training programs should ensure that exempt sellers are sufficiently trained on eligibility requirements, product features and can identify instances where they should direct consumers to the insurer.

Exempt sellers that have not completed the required training should not be permitted to sell CGI to consumers.

Question

1. Describe your company's training for exempt sellers and detail how the training addresses CGI expectations.
- III.** Outsourcing agreements with third parties, including distributors and exempt sellers, that clearly define the roles and responsibilities of the third parties and permit the insurers to engage in effective monitoring and oversight of services being provided.

CGI Compliance Follow-up Inquiry

The agreements should be monitored periodically by insurers to ensure third parties are operating within the terms of the agreement and that the terms remain current and relevant. These agreements should include clear termination procedures which can be used in the event any third party does not fulfill the expectation of the insurer.

Insurers are also responsible for ensuring that only authorized or licensed persons, or appropriately exempt persons, are involved in the distribution of CGI.

Questions

1. Describe your company's third-party outsourcing agreement review process, including the department or individual(s) responsible, and the review frequency.
2. Explain how your company ensures that only authorized or licensed persons, or appropriately exempt persons are involved in CGI distribution.

Creditor Involvement in Initiation of CGI

Pursuant to sections 37 and 92 of the *Insurance Act*, all CGI products offered in British Columbia must be effected by the creditor. In order for a creditor to effect a CGI contract, insurance companies must ensure that the creditor plays an active and substantial role in the following areas:

- procurement of the insurance contract;
- product design, including all related forms and materials, to ensure that the product is designed to be suitable to the needs of the creditor's debtors; and
- negotiation of the terms and conditions under which the insurance coverage will be offered to its debtors, including who will be permitted to enrol customers into the CGI program.

Note that a creditor can explicitly assign a third-party agent to undertake the role of effecting a CGI product on its behalf, however the insurer and the creditor retain responsibility for ensuring regulatory expectations are met.

Questions

1. Describe how creditors distributing your company's CGI products are effecting contracts.
2. If the creditor's role has been outsourced to third-party agents, please explain the third-party agents' responsibilities and how you ensure adherence to CGI regulatory expectations.



**CGI Compliance Follow-up
Inquiry**

Creditor Group Insurance (CGI) Compliance Follow-up Inquiry Submitted By:

[Name]

[Title]

[Full Legal Name of Insurance Company]

[Address]

[Phone Number]

[Email Address]

(Signature)

(Date)