

**Agenda item 4(n)
February 27/17 EOC Meeting**

From: Brendan Wycks [mailto:brendan.wycks@cafii.com]
Sent: Wednesday, February 14, 2018 12:25 PM
Subject: CAFII Alert: Bills 141 and 150 -- CAFII Opposes l'Association Professionnelle des Conseillers en Services Financiers (APCSF) and Calls for Further Clarification

CAFII Board, EOC, and Other Committee Members:

FYI, see below for an English translation of a CAFII-focused article which appeared this morning in the French version (<https://journal-assurance.ca/article/projets-de-loi-141-et-150-lacifa-soppose-a-lapcsf-et-reclame-plus-declaircissements>) of Le Journal de l'Assurance (The Insurance & Investment Journal).

The opportunity for Keith to comment/respond on behalf of CAFII for this article arose on Friday, February 9 when reporter Denis Méthot reached out to him via email with some questions related to the following statement in our CAFII submission on Bills 141 and 150 to Quebec's National Assembly Committee on Public Finance:

In that connection, our Association is strongly opposed to the Association professionnelle des conseillers en services financiers (APCSF)'s self-serving recommendation that the Quebec government should require distributors to place a prominent warning on their websites about the risks of acquiring an insurance product without the advice of a registered professional.

Keith responded to Mr. Méthot's questions on the weekend via a controlled written statement to him via email, which was vetted by our media consultant David Moorcroft and me.

Brendan Wycks, BA, MBA, CAE
Co-Executive Director
Canadian Association of Financial Institutions in Insurance
Brendan.wycks@cafii.com
T: 647.218.8243
Alternate T: 647.361.9465
www.cafii.com

<https://journal-assurance.ca/article/projets-de-loi-141-et-150-lacifa-soppose-a-lapcsf-et-reclame-plus-declaircissements/>

Bills 141 and 150: ACIFA Opposes APCSF and Calls for Further Clarification

by Denis Méthot 14 February 2018 🕒 09:45

Bills 141 and 150 have highlighted many differences between the various players in the Quebec and Canadian insurance industry on major issues. The latest of these disagreements is between the Canadian Association of Financial Institutions in Insurance (CAFII) and l'Association professionnelle des conseillers en services financiers (APCSF).

CAFII members use alternative distribution channels, such as call centres, travel agents, direct sales, financial institution branches, and the internet, to sell life and health insurance products in the Quebec market.

Opposition to warnings on websites

In a report released by the parliamentary committee on Bill 150, CAFII, headquartered in Toronto, strongly opposes the APCSF's demand that the Quebec government require distributors to place a disclaimer on their websites outlining the risks of purchasing an insurance product online without the advice of a certified professional.

"There is a risk that this type of misleading warning will prevent consumers from getting the insurance they need," said Keith Martin, co-executive director of the organization, in an email to The Insurance & Investment Journal. "CAFII opposes the proposal because it treats the products of our members as if they are not normal and appropriate. "

Simple and accessible products

"Our members offer simple and affordable products that are competitively priced and offer a broad range of consumer insurance services," he adds. "Consumers have access to a wide range of information on insurance products and services and it is up to them, in a competitive market, to decide how they want to get insurance. "

"In particular, it should be up to the consumer to determine whether he wants to buy directly from a financial institution selling insurance or through an authorized advisor," says Martin.

Clarifications required

The organization says it supports the general thrust of Bill 141 and Bill 150, but is concerned that the interpretation of some provisions creates restrictions on the ability of its members to sell insurance products to consumers without being registered as firms.

According to the analysis of certain sections of Bill 141 by its legal counsel, CAFII believes that a distributor will be authorized to sell insurance products online or through a natural person. The Association applauds these provisions.

"Supporting the ability of new technologies and distribution networks to offer insurance options to consumers is essential for the industry to remain relevant and current," CAFII stated.

Ambiguous and vague terms

However, CAFII believes that the wording of certain sections of the two Bills is ambiguous and vague, notably section 530 of Bill 141, which states that "only a natural person may distribute an insurance product on behalf of a distributor." This wording, according to CAFII, contradicts the intention of the Minister of Finance, Carlos J. Leitão, to allow distributors to sell insurance products online or through a natural person.

Based on this interpretation, CAFII believes that online insurance sales would only be allowed if a natural person acted for the distributor and that certain financial institutions could not be registered because they do not have the power to act as a firm for the purpose of selling insurance products.

CAFII sees this as a major source of confusion and calls for clarification from the Minister to make things clear.

Other requests from CAFII

CAFII also requests confirmation from the government that the Insurance Act will be amended to allow financial institutions and other industry stakeholders to receive compensation for their services, other than the reimbursement of actual costs incurred in the administration of group insurance contracts on the life or health of debtors.

Since Bill 150 removes the ability of a distributor to sell credit insurance, the Association also requests that financial institutions and people who continue to offer consumer credit insurance should not have to register as a firm with the Autorité des marchés financiers.