

Agenda Item 4(a)(ii)
June 28/22 EOC Meeting

From: Brendan Wycks <brendan.wycks@cafii.com>

Sent: June-14-22 4:08 PM

To: CAFII Market Conduct & Licensing Committee and EOC Members

Subject: CISRO Industry Survey on Life Insurance Replacement Declaration (LIRD): CAFII Member Company Feedback/Input Requested on "Out-of-Scope For CAFII" Recommendation By 5:00 p.m. On Wednesday, June 22/22

CAFII Market Conduct & Licensing Committee and EOC Members:

Please see below and attached.

CISRO has invited CAFII to respond to a pre-consultation survey related to modernizing/enhancing/aligning (with the 2018 CCIR/CISRO "Guidance: Conduct of Insurance Business and Fair Treatment of Customers") the current **Life Insurance Replacement Declaration (LIRD)** form.

CAFII management (Keith Martin and me) believe that the LIRD is out-of-scope for CAFII because it comes into play only for the individually underwritten forms of life and health insurance which are sold by individually licensed advisors.

Our view that the LIRD is not germane to credit protection insurance/creditor's group insurance, travel insurance, and alternate distribution – and is therefore out-of-scope for CAFII – **is supported by the following excerpt from Sun Life's Advisor website:**

What is not considered a replacement?

- A replacement of an annuity, including an endowment contract.
- An amendment made to an existing contract.
- A replacement of group insurance, including creditor and bank mortgage insurance.
- A replacement of a maturing life insurance or endowment policy, or an expiring life insurance policy.

In a conversation we had with EOC Chair Rob Dobbins and EOC Vice-Chair Karyn Kasperski on this matter, they supported our view that the LIRD is out-of-scope for our Association.

However, we agreed that we should send this transmittal to Market Conduct & Licensing and EOC members, with a request for feedback/input which will allow us either to confirm or alter that view/recommendation.

We therefore request that one representative from each of the Association's 15 Member Companies reply to Keith Martin and me by 5:00 p.m. on Wednesday, June 22/22 -- to indicate whether your Member Company concurs with the view that the Life Insurance Replacement Declaration (LIRD) form is not germane to and therefore out-of-scope for CAFII; or, alternatively, has a contrary view.

If we receive consensus support that the LIRD is out-of-scope for our Association, we will

- send CISRO a polite message declining CAFII participation in the pre-consultation survey and the related full public consultation on the LIRD to follow later this year; and explaining why we have reached that determination; and
- remove this matter from the draft agenda for the June 28/22 EOC meeting, where it currently resides as a tentative item.

Thanks, in advance, for your Member Company's anticipated response to this confirmatory feedback/input request.

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

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From: CISRO-OCRA <CISRO-OCRA@fsrao.ca>
Sent: May-24-22 1:05 PM
To: Brendan Wycks <brendan.wycks@cafii.com>
Cc: CISRO-OCRA <CISRO-OCRA@fsrao.ca>; Keith Martin <Keith.Martin@cafii.com>
Subject: CISRO Industry Survey on Life Insurance Replacement Declaration (LIRD)

Dear Brendan,

The Canadian Insurance Services Regulatory Organizations (CISRO) and the Canadian Council of Insurance Regulators (CCIR) developed the harmonized Life Insurance Replacement Declaration (LIRD) form in 2008. CISRO is reviewing the LIRD to determine if improvements are needed to enhance consumer protection and to meet the requirements of the CISRO/CCIR Guidance on Conduct of Insurance Business and Fair Treatment of Customers (FTC) and the CISRO Principles of Conduct for Insurance Intermediaries.

CISRO's LIRD Working Group has identified potential fields/items that could be part of a new LIRD. The working group is conducting a survey of key stakeholders to obtain feedback on the fields/items for the new form. The results of the survey will help the working group to develop a prototype of the new form, for public consultation later this year.

Please see the attached document outlining the objectives of the LIRD review. Some questions are included at the end for CAFII's feedback.

Kindly provide your written feedback **by July 8, 2022**. Please send comments to the CISRO Secretariat at cisro-ocra@fsrao.ca.

NOTE: If you require a French version of the survey, please contact the Secretariat at cisro-ocra@fsrao.ca.

Thank you for your continued collaboration and support.

Regards,

Adrienne Warner

Policy Manager

Canadian Insurance Services Regulatory Organizations (CISRO) Secretariat

25 Sheppard Avenue West Suite 100

Toronto ON M2N 6S6

Email: CISRO-OCRA@fsrao.ca

Website: <https://www.cisro-ocra.com>