

Agenda Item 4(c)(2)
June 6/23 Board Meeting

From: Brendan Wycks

Sent: Wednesday, April 12, 2023 3:58 PM

To: EOC Members, Market Conduct & Licensing Committee Members, and Board Surrogates

Cc: Keith Martin <Keith.Martin@cafii.com>; Jake Becker <jake.becker@cafii.com>; 'Keith Martin' <kmartin@rogers.com>; MacLennan, Darren <Darren.MacLennan@CIBC.com>; 'denise.milan@cumis.com' <denise.milan@cumis.com>; 'Marisa Hocuklik' <marisa.hocuklik@cumis.com>; 'jason.beauchamp@gwl.ca' <jason.beauchamp@gwl.ca>

Subject: FCNB Grants 60 Day Extension -- To July 1, 2023 -- For Submission Of Completed Restricted Insurance Representative (RIR) Licence Applications; and Other Updates Re Complying With FCNB Rule INS-001

CAFII EOC Members, Market Conduct & Licensing Committee Members, and Board Surrogates:

This morning, Luke O'Connor and Brent Mizzen of CLHIA graciously shared with Keith Martin and me at CAFII a written summary of the key outcomes/highlights of a virtual meeting which they had with FCNB staff executives yesterday around industry compliance with Rule INS-001 and related Restricted Insurance Representative (RIR) licence application requirements.

In the meeting outcomes highlighted below, I have paraphrased and re-oriented CLHIA's summary in order to make the outcome updates more directly relevant to CAFII members:

1. 60 Day Extension Granted – To July 1, 2023 – For Restricted Insurance Representative Licence Applicants To Submit Their Completed Applications Via The FCNB Portal

While CLHIA had not requested an RIR application deadline extension on behalf of its members (Luke O'Connor had informed CAFII in late March that that was not something which CLHIA members had asked the Association to press for) and it was, in fact, CAFII which had requested a 90 day extension on behalf of its members (see attached CAFII letter to FCNB, to which FCNB has not yet responded, save and except for a brief acknowledgement of receipt from Robert Picard, Acting Director of Insurance), FCNB shared with CLHIA on April 11/23 that it will be granting and announcing a 60-day extension for Restricted Insurance Representative (RIR) licence applicants to get their applications submitted via the FCNB portal. Previously, the stated deadline was May 1, 2023. This means that RIR licence applicants will now have until July 1, 2023 to submit their completed applications. FCNB also re-confirmed that RIR licence applicants who have submitted their applications via the FCNB portal by July 1, 2023 can continue to distribute restricted insurance products after that date while they await a licensing determination from FCNB.

2. Deposit-Taking Institutions Will Not Have To Comply With Trust Account Sections (Sections 99 and 101); and Premiums Can be Remitted To Insurers Monthly

FCNB will not be requiring deposit-taking institutions to comply with sections 99 and 101, the trust account sections of *Rule INS-001*. They are currently preparing a Bulletin that will provide for this exemption and they expect it to be ready soon. FCNB stated that deposit-taking institutions should continue 'business as usual' until the Bulletin is ready. FCNB stated that there will be some conditions imposed upon this exemption, which will be spelled out in the Bulletin granting the exemption. For example, it will stipulate that insurance premiums collected by an RIR licensee must be remitted to the insurer within 15 days of receipt of the insurer's invoice; and refunds must be issued to customers by an RIR licensee within 90 days of receipt of the money from the insurer, or within 15 days of a customer demand for the refund.

3. Director Disclosure Forms and Criminal Record Checks Will Not Be Required of RIR Licence Applicants That Are Federally Regulated By OSFI Or Already Licensed With FCNB

As was previously communicated to CAFII by Catherine Haines, FCNB's Deputy Director, Licensing, on March 9/23, FCNB confirmed to CLHIA that it will not be requiring RIR licence applicants that are federally regulated by OSFI, and those already licensed with FCNB, to upload criminal record checks and Director Disclosure Forms when applying for a licence. FCNB indicated that it is currently updating the RIR application forms on its licensing portal so as to not require Director Disclosure Forms and related criminal record checks for those categories of applicants. FCNB expects that the updated RIR application forms will be complete by later this week or early next week. In the meantime, affected RIR licence applicants should continue uploading a blank page confirming they are either federally regulated by OSFI or already licensed with FCNB.

4. FCNB To Develop and Launch An *RIR and MGA Licensee Online Search Portal*

FCNB indicated to CLHIA that it will be developing and launching a *Restricted Insurance Representative and MGA Licensee Online Search Portal*, similar to what it already makes available with respect to individual life insurance licensees. FCNB expects to have this up and running towards the end of 2023, but they do not have a target launch date yet.

5. Co-operation Assistance Requested In Socializing The New RIR Licence Requirements With Distribution Partners

FCNB requested the industry's co-operation assistance in socializing the new Restricted Insurance Representative licence requirements with distribution partners. FCNB has noted that a number of affected business entities in New Brunswick are not yet aware of the new requirements. "Please kindly ensure that when you are meeting with your distribution partners in New Brunswick that you are making them aware of the new requirement to get licensed for restricted insurance sales."

Any further updates received from FCNB (or CLHIA) will be shared promptly, including FCNB's expected response to CAFII's "Summary of Problem Issues/Difficulties Being Encountered By CAFII Member Companies In Applying For A Restricted Insurance Representative (RIR) Licence Via The FCNB Licensing Portal" set out in Appendices A, B, and C of our attached letter.

Best regards,

Brendan Wycks, BA, MBA, CAE

Co-Executive Director

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Making Insurance Simple and Accessible for Canadians

Rendre l'assurance simple et accessible pour les Canadiens

From: Brendan Wycks

Sent: Friday, April 14, 2023 3:30 PM

To: EOC Members, Market Conduct & Licensing Committee Members, and Board Surrogates

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Subject: FCNB Official Response To CAFII Granting 60-Day Extension On Deadline For Applying For An RIR Licence; and Clarifying Other Rule INS-001 Licensure and Compliance Matters

CAFII EOC Members, Market Conduct & Licensing Committee Members, and Board Surrogates:

FYI, see FCNB's just-received official response -- from Catherine Haines, FCNB's Deputy Director, Licensing -- to CAFII's letter of March 30/23 (attached), which is provided in two parts: (i) via the email below, directly beneath my signature block; and (ii) via the attached response PDF.

Have a great weekend,

Brendan Wycks, BA, MBA, CAE

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Rendre l'assurance simple et accessible pour les Canadiens

From: Haines, Catherine (FCNB) Catherine.Haines@fcnb.ca
Sent: Friday, April 14, 2023 2:36 PM
To: Brendan Wycks brendan.wycks@cafii.com
Cc: Keith Martin Keith.Martin@cafii.com; Jake Becker jake.becker@cafii.com; 'Keith Martin' kmartin@rogers.com; Picard, Robert (FCNB) Robert.Picard@fcnb.ca; Weir, David (FCNB) david.weir@fcnb.ca; Haines, Catherine (FCNB) Catherine.Haines@fcnb.ca
Subject: RE: Please Respond Asap Re CAFII Follow-up Letter Re FCNB Implementation Of Rule INS-001, Including Official Written Request For 90-Day Extension Beyond Existing May 1/23 Deadline For Obtaining Initial RIR Licence In New Brunswick

Hi Brendan,

As Robert is out of the office, he asked me to follow up with you on the outstanding items. The official notice regarding the extension and bulletin regarding the exemption related to trust accounts will be coming out soon, but in the meantime you may advise your members of the following:

- The Superintendent of Insurance has granted a 60-day extension for Restricted Insurance Representatives to submit their licence application. Any Restricted Insurance Representative licence applications submitted via the [FCNB Portal](#) on or prior to June 30, 2023, will be considered compliant with insurance [Rule INS-001 Insurance Intermediaries Licensing and Obligations](#).
- The Superintendent of Insurance exempts any restricted insurance representatives who are from deposit-taking institutions (as defined in the [Rule INS-001 Insurance Intermediaries Licensing and Obligations](#)) and exempts those restricted insurance representatives who are subject to the *Insurance Companies Act*, SC 1991, c. 47, from the requirement to hold a trust account under section 364(a) of the *Insurance Act* and Part 14 of Rule INS-001.

The exemption is subject to the following terms and conditions:

- a. Premiums received from an insured for an insurance contract shall be paid to the insurer within 15 days of receiving a written demand from the insurer, less commission and any other deductions authorized in writing by the insurer.
- b. Any money or premium credit received from an insurer which represents return premium due to an insured, shall be paid along with any unearned commission or other refund to which the insured is entitled within 90 days of receipt or within 15 days after written demand from the insured, whichever is earliest.
- c. All books and records in connection with the business are to be kept current and readily distinguish:

- (i) All money received from or on behalf of and all money paid to or on behalf of each insurer and insured; and
- (ii) All money received and paid on the business's behalf.

I have also attached a document with answers to your other questions sent to our office on March 30, 2023.

Please let us know if you have any further questions.

Have a great weekend!

Catherine Haines
Deputy Director, Licensing
Tel / Tél : 506 444-4052
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From: Brendan Wycks
Sent: Monday, April 17, 2023 3:58 PM
To: EOC Members, Market Conduct & Licensing Committee Members, and Board Surrogates
Cc: Keith Martin <Keith.Martin@cafii.com>; Jake Becker <jake.becker@cafii.com>; 'MacLennan, Darren' <Darren.MacLennan@CIBC.com>; 'denise.milan@cumis.com' <denise.milan@cumis.com>; 'Marisa Hoculik' <marisa.hoculik@cumis.com>; 'jason.beauchamp@gwl.ca' <jason.beauchamp@gwl.ca>
Subject: FCNB Issues Insurance Notice On "Restricted Insurance Representative Licensing Period Extended"; Along With "Insurance Bulletin 2023-01 - Deposit-Taking Institutions and Trust Accounts"

CAFII EOC Members, Market Conduct & Licensing Committee Members, and Board Surrogates:

FYI, see the CAFII Member-relevant FCNB Insurance Notice and the FCNB Insurance Bulletin at the links in the eblasts below, both of which were issued today.

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From: New Brunswick Financial and Consumer Services Commission (FCNB) <info@fcnb.ca>
Sent: Monday, April 17, 2023 3:42 PM
To: Brendan Wycks <brendan.wycks@cafii.com>
Subject: New Brunswick Financial and Consumer Services Commission (FCNB) - Update



The following item was posted by the New Brunswick Financial and Consumer Services Commission (FCNB)

[Insurance Notice - Restricted Insurance Representative Licensing Period Extended](#)

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From: New Brunswick Financial and Consumer Services Commission (FCNB) info@fncb.ca

Sent: Monday, April 17, 2023 3:40 PM

To: Brendan Wycks brendan.wycks@cafii.com

Subject: New Brunswick Financial and Consumer Services Commission (FCNB) - Update



The following item was posted by the New Brunswick Financial and Consumer Services Commission (FCNB)

[Insurance Bulletin 2023-01 - Deposit-Taking Institutions and Trust Accounts](#)

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