



August 3, 2018

Mr. Ron Fullan
Executive Director
Insurance Council of Saskatchewan
Suite 310
2631 – 28th Avenue
Regina, Saskatchewan S4S 6X3

Dear Mr. Fullan,


On behalf of the Canadian Life and Health Insurance Association (CLHIA) and the Canadian Association of Financial Institutions in Insurance (CAFII), we are pleased to provide our joint proposal for a Restricted Insurance Agent Advisory Committee (RIA Advisory Committee) of the Saskatchewan Insurance Councils.

As you will recall at our meeting on October 27, 2017, we expressed our support for an RIA Advisory Committee that would ensure the Councils have the benefit of expert information and advice when dealing with issues involving restricted insurance agents. At the time, you had requested that the CLHIA and CAFII develop a joint proposal for consideration.

We have since met with members of CLHIA and CAFII to develop a proposal that sets out the principles upon which we recommend establishing an RIA Advisory Committee. We believe that the RIA Advisory Committee itself may be in the best position to determine how the committee will be managed, but offer some details for consideration in the attached suggested Terms of Reference.

The CLHIA and CAFII appreciate the opportunity to provide this joint proposal for your consideration. We would be pleased to discuss our proposal in more detail at your convenience.

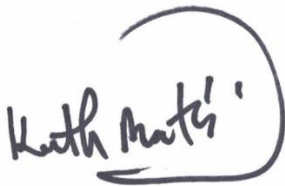
Sincerely,

A handwritten signature in black ink, appearing to read "Euan H." with a stylized flourish at the end.

Assistant Vice President, Distribution
Canadian Life and Health Insurance Association

A handwritten signature in black ink, reading "Brendan Wycks" in a cursive style.

Brendan Wycks
Co-Executive Director
Canadian Association of Financial Institutions in Insurance

A handwritten signature in black ink, reading "Keith Martin" with a large circular flourish around the name.

Keith Martin
Co-Executive Director
Canadian Association of Financial Institutions in Insurance

CLHIA and CAFII's Joint Proposal for a Restricted Insurance Agent Advisory Committee of the Saskatchewan Insurance Councils

Mandate

The RIA Advisory Committee will provide subject matter expertise to the Saskatchewan Life Council and General Council regarding Restricted Insurance Agents (RIAs). The Advisory Committee may also provide advice regarding the operational efficiency and effectiveness of regulations related to RIAs.

The RIA Advisory Committee will not advocate on behalf of the industry.

Scope

The RIA Advisory Committee will provide the Councils and/or Executive Director with advice and information on RIA-relevant issues, including:

- Information on relevant products and distribution channels;
- The consumer needs for which RIA-distributed products are designed;
- Impact of Council decisions on RIAs;
- The operational efficiency and effectiveness of the Saskatchewan RIA regulatory regime; and
- Any other issues brought forward by the Life and General Councils.

Terms of Reference

Within the first year of its existence, the RIA Advisory Committee will develop its own Terms of Reference for approval by the Life and General Councils. The Terms of Reference would determine how the RIA Advisory Committee will function, including quorum at meetings, agenda development, and minutes, among other things. A suggested Terms of Reference is attached as a "thought-starter" for the RIA Advisory Committee.

Membership

Given the broad interests already represented on the Life and General Councils, we believe the membership of the RIA Advisory Committee should be limited to experts in the products and distribution channels utilized under restricted licenses.

The RIA Advisory Committee members will include:

- at least two (2) restricted insurance agent representatives with distribution expertise in RIA products;
- at least two (2) insurer representatives with expertise in relevant products, distribution channels and practices; and
- the Executive Director of the Insurance Councils or designated staff.

A wide range of products are distributed under restricted insurance agent licenses through a variety of channels. In order to balance the need for relevant subject matter expertise with the need for continuity on the RIA Advisory Committee, the Committee may be augmented by additional subject matter experts, as needed and on an ad hoc basis.

For Committee members and ad hoc subject matter experts, CAFII and CLHIA shall be called upon to propose a list of representative candidates that could be appointed at the pleasure of the Councils. It should be noted, however, that CLHIA and CAFII can only propose representatives from the life and health insurance industry; and there may be a need, at some point, to include representatives from the property and casualty insurance industry. It is recommended that associations representing the P&C industry (e.g., IBC, CADRI) could be called upon to propose those representatives.

We believe the interests of consumers are well-represented through the Life and General Councils, and the Advisory Committee will always have access to the consumer representative expertise on the Councils.

RIA Advisory Committee members shall not be required to be residents of Saskatchewan.

Chair

In keeping with the Saskatchewan Life and General Councils' by-laws, the Chair of the RIA Advisory Committee will be appointed by the Life and General Councils.

Membership Rotation

Consistent with the Saskatchewan Life and General Councils model, RIA Advisory Committee members shall serve a three-year renewable term. This will ensure continuity of expertise while also providing the ability to bring in new members.

In appointing the first committee members, the Councils should consider allowing the initial appointments to fall outside of the rotation rule in order to ensure a staggered membership rotation going forward in support of continuity of expertise.

Frequency of Meetings

The RIA Advisory Committee will meet as necessary, at the request of the Chair. However, the RIA Advisory Committee shall meet no less than twice per year.

Where a Committee member feels that a meeting should be held to deal with an issue(s), they may request -- in writing to the Chair -- that a meeting of the Advisory Committee be held.

Duration of Committee

The duration of the RIA Advisory Committee's mandate is indefinite.

Review of Committee

Consistent with the Life and General Councils by-laws, the Life and General Councils, in conjunction with the Executive Director, shall review the Advisory Committee's role and effectiveness on an on-going basis. There may be some benefit in aligning this review process with the Advisory Committee's membership rotation schedule.

Transition Items Identified for the RIA Advisory Committee in its Inaugural Year

The following items have been identified for the RIA Advisory Committee to discuss during its first few meetings:

- Development of a Terms of Reference;
- Development of an appropriate disciplinary process for RIA-specific issues, including a protocol for RIA representation in disciplinary matters;
- Development of a process to address RIA-specific complaints and issues coming forward; and
- Identifying any other items to be managed by the Committee.

Suggested Terms of Reference for the Restricted Insurance Agent Advisory Committee of the Saskatchewan Insurance Councils

Below we have provided a suggested Terms of Reference for the RIA Advisory Committee's consideration.

Conduct of the RIA Advisory Committee's meetings and related procedures shall be as consistent as possible with those followed by the Life and General Councils.

Quorum

Quorum for meetings will be attendance by a simple majority of RIA Advisory Committee members. The Executive Director or a designated staff member shall always be in attendance, but shall not count as quorum.

Distance Support

The RIA Advisory Committee may meet in-person or by teleconference or other electronic means.

Agenda

The Chair of the RIA Advisory Committee shall prepare a meeting agenda. The Chair may request agenda items from members or the Councils.

Committee Records

The Executive Director or a designated staff member shall maintain minutes of the RIA Advisory Committee's meetings.

Conflicts of Interest

Members of the RIA Advisory Committee must be committed to the public interest regarding the insurance industry. If the RIA Advisory Committee is dealing with an issue where a member has a real or perceived conflict, that member shall remove him/herself from deliberations on the issue. The RIA Advisory Committee may wish to supplement its membership with another representative from the roster of *ad hoc* experts, if needed.

Remuneration

Remuneration of RIA Advisory Committee members' committee-related expenses, including travel expenses if any, shall be in accordance with the expense reimbursement policy of the Insurance Councils of Saskatchewan.

Amending the Terms of Reference

The RIA Advisory Committee's members, Executive Director or designated staff member may make recommendations to amend the terms of reference. Amendments will be approved by the Life and General Councils.