

Summary of CAFII Regulator and Policy-Maker Meetings in Winnipeg, Manitoba on April 29, 2014

Superintendent of Insurance and Insurance Council of Manitoba (1:00 to 2:15 p.m.)

CAFII representatives Moira Gill, TD Insurance; Paul Yeung, RBC Insurance; and Brendan Wycks, Executive Director, met with Jim Scalena, Superintendent of Insurance; Scott Moore, Deputy Superintendent of Insurance; and Erin Pearson, Executive Director of the Insurance Council of Manitoba.

Discussion focused on Manitoba's Incidental Sellers of Insurance (ISI) Regulation. Jim Scalena advised that he had just had his first briefing meeting with new Minister of Finance Jennifer Howard the previous week. The Minister, appointed to the Finance portfolio in October 2013, was a quick study, but indicated that she wanted to meet with Jim two or three more times to gain a fuller understanding of the ISI Regulation, so that she would feel completely comfortable bringing it forward to her Cabinet colleagues for approval via an Order-in-Council. The likely timing of the ISI package going forward for approval was July 2014.

CAFII representatives raised the following issues related to the ISI Regulation:

- definition of ISI and exclusion of personal accident insurance: importance of addressing this deficiency in the Regulation as soon as an opportunity to amend the Insurance Act emerges; and
- timing and implementation: adequate lead time required by the industry; importance of coordination and cooperation, especially in the development of application forms.

CAFII also obtained an update on tangential insurance regulations that would be brought forward with the ISI Regulation, as part of the same package.

Further details of the discussion at this meeting are found in CAFII's thank you letter to Superintendent of Insurance Jim Scalena.

Minister of Finance (3:00 to 3:50 p.m.)

CAFII representatives Moira Gill, TD Insurance; Paul Yeung, RBC Insurance; and Brendan Wycks, Executive Director, met with Jennifer Howard, Minister of Finance; Jim Hrichishen, Deputy Minister of Finance; Jim Scalena, Superintendent of Insurance; and Scott Moore, Deputy Superintendent of Insurance.

Discussion focused on the following issues on CAFII's agenda, with 95% of the dialogue on these topics being with Minister Howard herself:

- introduction to CAFII, its mission and mandate; and the focus and positioning of CAFII members in the insurance marketplace;
- CAFII's focus on access for consumers and meeting the insurance needs of the under-served lower and middle income market;

- CAFII's cooperation and collaboration with regulators and policy-makers; appreciation of open dialogue and discussion with Manitoba;
- importance of harmonization of financial services regimes across the country, for consumers and for industry;
- CAFII's support for Manitoba's ISI Regulation; credit to the Superintendent of Insurance and the Insurance Council for thorough consultation with the industry and ending up with a Regulation that achieves a high degree of harmonization with the existing ISI regimes in Alberta and Saskatchewan; and
- importance of providing a reasonable implementation timeline for the industry, following the Regulation's proclamation. (Minister Howard volunteered/acknowledged that inadequate lead time had been provided when the previous Manitoba Finance Minister levied a sales tax on insurance).

Further details of the discussion at this meeting are found in CAFII's thank you letter to Minister of Finance Jennifer Howard.

May 20, 2014

Ms. Jennifer Howard
Minister of Finance, Manitoba
103 Legislative Building
450 Broadway
Winnipeg, Manitoba R3C 0V8

RE: April 29, 2014 Meeting With Canadian Association of Financial Institutions In Insurance

Dear Minister:

Thank you for taking time out of your busy schedule to meet with representatives of our Association on April 29. Moira Gill of TD Insurance, Paul Yeung of RBC, and I very much appreciated the opportunity to make your acquaintance and discuss some industry issues of major importance to CAFII.

Thank you also for arranging to have Deputy Minister Jim Hrichishen, Superintendent of Insurance Jim Scalena, and Deputy Superintendent of Insurance Scott Moore attend the meeting.

As you will recall, CAFII is an industry Association dedicated to the development of an open and flexible insurance marketplace. We believe consumers are best served when they have meaningful choice. Our members therefore provide insurance through a variety of distribution channels including telephone contact centres, online e-commerce, direct mail, branches of financial institutions, and agents and brokers. Central to our Association's mandate is improving access for the vast under-served lower and middle income market of Canadians to simple, straightforward insurance products. Creditor's group insurance and travel insurance are the products of primary focus for our members.

CAFII is therefore particularly appreciative of the diligence being employed by your Ministry in reviewing the Regulation being brought forward by the Superintendent of Insurance, after thorough industry consultation, to establish an Incidental Sellers of Insurance (ISI) regime in Manitoba.

With respect to this initiative of vital importance to our members, CAFII

- supports the ISI Regulation and is pleased that its current form reflects a high degree of harmonization with the existing ISI regimes in Alberta and Saskatchewan;
- stresses the importance of providing – whenever such new Regulations are introduced – sufficient lead time to enable our member Financial Institutions to implement the required changes in an efficient, effective and consumer-friendly manner. Significant regulatory changes inevitably become major projects within our member organizations and it takes considerable time to ensure that necessary IT systems changes are made, forms revised, staff re-trained, and consumers notified of how the changes affect them;

- requests that, ideally, lead time of 12 to 18 months be provided for implementation, with nine months being the absolute minimum. As we noted in the meeting, risk management and investment decision protocols within Financial Institutions dictate that IT work stemming from regulatory change cannot be initiated until the Regulation comes into force; and
- looks forward to learning of the timelines that will be followed for securing approval of the ISI Regulation; the date of its proclamation and coming into force; and the period of time to be provided for implementation.

Thank you again, Minister, for the opportunity to meet and to dialogue with you on several industry issues of critical importance to CAFII members. Please do not hesitate contact me at any time you may have questions related to our Association or insurance industry issues.

Yours sincerely,



Brendan Wycks
Executive Director
brendan.wycks@cafii.com

c.c. Jim Hrichishen, Deputy Minister of Finance
Jim Scalena, Superintendent of Financial Institutions Regulations Branch
J. Scott Moore, Deputy Superintendent of Financial Institutions – Insurance

May 20, 2014

Mr. Jim Scalena
Superintendent of Financial Institutions - Insurance
Financial Institutions Regulation Branch, Manitoba Finance
1115-405 Broadway
Winnipeg, MB R3C 3L6

Dear Jim:

Re: Follow-up On April 29, 2014 Meetings In Winnipeg

Thank you to you, Scott Moore, and Erin Pearson for taking time out of your busy schedules to meet with Moira Gill of TD Insurance, Paul Yeung of RBC, and me on April 29. We appreciated the opportunity to discuss some industry issues of importance to CAFII with you, prior to our meeting with Minister of Finance Jennifer Howard later that afternoon.

Thank you also to you and Scott for attending the meeting with Minister Howard.

We found the dialogue and candid discussion in both meetings to be very beneficial, and trust that you would have the same assessment.

We have written to the Minister to thank her and to reiterate some of the key points covered in the meeting, and we've copied you on that letter. We trust that our official declaration of support for the ISI Regulation to the Minister and our emphasis on the importance of its expeditious approval and proclamation into force will help in the shepherding process around the Regulation that your office is currently leading.

You won't be surprised to learn that our letter to the Minister stresses the importance of providing – whenever such new Regulations are introduced – sufficient lead time to enable CAFII member Financial Institutions to implement the required changes in an efficient, effective and consumer-friendly manner. Significant regulatory changes inevitably become major projects within our member organizations and it takes considerable time to ensure that necessary IT systems changes are made, forms revised, staff re-trained, and consumers notified of how the changes affect them.

Therefore, CAFII requests, ideally, lead time of 12 to 18 months for implementation, with nine months being the absolute minimum. As we noted in both meetings on April 29, risk management and investment decision protocols within Financial Institutions dictate that IT work stemming from regulatory change cannot be initiated until the Regulation comes into force.

In this same regulatory vein, as briefly discussed with you, Scott, and Erin, we look forward to learning more about the ancillary regulations for which you are seeking approval in conjunction with the ISI Regulation, including the authority to come forward subsequently with a Regulation on credit scoring.

Finally, once the ISI Regulation is fully operational, we look forward to ensuing discussions about Insurance Council-level "Representation For Restricted Licence Holders in Manitoba."

As we mentioned, we are expecting to receive shortly, from Ron Fullan, specific implementation feedback on the proposals he has in-hand from CAFII and CLHIA on Representation for Restricted Licence Holders in Saskatchewan. And Joanne Abram is also very amenable to moving forward with a model for Representation for Restricted Licensees in Alberta, but wants to be able to use Saskatchewan as a benchmark before proceeding.

Thanks again, Jim, for the opportunity to meet and to dialogue with you, Scott, and Erin on issues of importance to CAFII members. CAFII looks forward to maintaining the open, productive and mutually beneficial working relationship that we have with the Superintendent's Office and the Insurance Council of Manitoba. Please don't hesitate to contact me anytime you may have questions related to CAFII or insurance industry issues you would like to discuss with our Association.

Yours sincerely,



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c.c. J. Scott Moore, Deputy Superintendent of Financial Institutions – Insurance
Erin Pearson, Executive Director, Insurance Council of Manitoba