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255-55 St. Clair Ave W, Toronto, ON M4V 2Y7
☎ (416) 494-9224 (416) 967-6320
info@cafii.com www.cafii.com

Agenda Item 6.2.1
April 7, 2015 Board Meeting

Regulator Meeting Notes
Confidential: Not For Distribution

Regulator: Saskatchewan Ministry of Justice and Attorney General
Date: March 2, 2015
Purpose: Follow-up Teleconference on CAFII's Submission on Bill 177, The Insurance Act
CAFII Attendees: Greg Grant, Brendan Wycks, Tamara Steinberg, Maria Sanchez-Chung, Chris McClaren (TD Insurance, for part), Derek Blake, Sue Manson
Saskatchewan Attendees: Jim Hall, Janette Seibel

Feedback/Reassurance Re CAFII's Overarching Concerns

- **Existing RIA Regime Not Being Changed**. If you look at clauses 5-4 and 5-73 (1), which address related licensing requirements, there is an exclusion for the employees of Restricted Insurance Agents such that they will not have to be individually licensed. We're not intending to monkey with the existing RIA regime in the slightest. So CAFII should have no concerns here.

- **5-5(1) and 5-5(2), Insurer's Representative's Licence Required:** Again, if you're an individual working for a Restricted Insurance Agent, you're exempted and do not have to be licensed.

- **5-18(4) to (6): Recommendations for Insurance Agents and Insurer's Representatives – Life Insurance:** CAFII seems to view this clause as prohibiting an agent from representing more than one insurer. However, from a CAFII member perspective, this restriction is for individual insurance agents only, not the employees of Restricted Insurance Agents. Our intention is simply to have the same process in place as we do now. For example, for the first few years as a novice agent, an agent would only be permitted to act for one insurer. And this will be covered in the Regulations, rather than both the Act and the Regulations, as is currently the case.

- **Comprehensive Consultation On Regulations:** Saskatchewan wants to limit the number of changes to Bill 177 and the legislation itself. However, necessary adjustments can be addressed through the Regulations or a Superintendent's Directive. And they are planning a thorough, comprehensive consultation on the Regulations. They also have the ability to adopt industry standards, if CAFII has some available.

Scheduling/Procedural Update
The following legislative timetable was outlined with respect to Bill 177:

- Provincial legislature resumed sitting today, Monday, March 2. To date, the Bill has received Second Reading on the government side only.
- Late April/early May 2015: legislative debate
- May 14, 2015: Bill expected to be passed as legislative session ends on this date
- Summer 2015: work on the Regulations
- November 2015: beginning of comprehensive consultation period on the draft Regulations
- latter half of 2016: expected time that Bill 177 will be proclaimed

- Jim Hall is working as Senior Crown Counsel on Bill 177 as a post-retirement appointment. But his contract ends on May 31, 2015 and he'll be departing then. Janette Seibel will continue on Bill 177 and take over as lead on the file after Jim's departure

Feedback/Dialogue On Other Issues In CAFII's Submission

- **Re TPA licensing:** Saskatchewan intends to regulate all major players in the insurance sector. To that end, we have been meeting with the Third Party Administrators Association of Canada (TPAAC). Bill 177 stipulates that TPAs will have to be licensed but we still need to define what a TPA is. The definition was deliberately left out because we need to better understand the role of TPAs first. There will be lots of opportunity to define it first, and a fair amount of flexibility in the development of that definition in the Regulations.

  In our meetings with TPAAC , we've found that this Association is not looking to have its members licensed but neither do they have any strong objections to our doing so.

  The reason we are moving to licenseTPAs and MGAs is that those entities are taking on responsibilities for an insurer. So we want to be able to scrutinize the full chain of accountability.

- **5-11 (f) and (g), Application for License:** Any documents that Saskatchewan receives must be held in confidence. That is a statutory requirement. We're not flippant; we respect confidentiality. The only reason we would release something is if there was a regulatory issue, such as an investigation of fraud. And we would never release documents to a competitor.

  And if we're going to license an entity such as a TPA or MGA, we want to see what it is that they're supposed to be doing so that's why need to be able to see the contract.

- **5-12, Superintendent May Require Other Information:** CAFII is opposed to the modifier "any other" in front of the word "information." However, this is a standard provision in the current Insurance Act. We need the ability to get information when we need it, and our position on that is quite firm. That said, we aren't looking at going through FI businesses.

- **5-38, Representative's Duty of Disclosure:** Jim Hall and Jan Seibel requested clarification from CAFII on this point.

  A CAFII member outlined the group's issue with the expectation of written disclosure. The section indicates that the "in writing" part must be provided in advance, potentially before an individual has even purchased the product and is even a customer.

  Action: Jim Hall now has a better understanding of this CAFII concern and will review this clause again and get back to CAFII on it.

- **8-103 & 8-159, Issuance of Policy:** Saskatchewan believes that 8-103(8) covers off the consumer privacy exemption that CAFII believes is missing. Claimants' access to the documents extends only to information that is relevant under the contract. Bill 177 wasn't intending to deal with privileged personal information; this was for very limited purposes.

  Action: CAFII to follow-up on this item and get back to Jim and Janette as to whether we agree that 8-103(8) suffices; or, if not, why not.

- **8-05, Particulars in Group and Creditor's Group Policy:** Saskatchewan intends to define "Restrictions" in the Regulations. Anything that we can fix via the Regulations or a "Superintendent's Directive" is the way we want to address things rather than amending the legislation.

- **8-133 and 8-191, Enforcement of Right Re Creditor's Group Insurance:** Saskatchewan is confused about what happened in Alberta re its December 2013 provision that was passed. Earlier, Saskatchewan was part of multi-province discussions on this with Alberta and BC. It seems that Alberta went ahead and amended their Act's provisions on creditor's group insurance without seeking a harmonized approach with the other Western provinces. Jim Hall indicated that Saskatchewan is reluctant to make such a change which hasn't been agreed to by a number of other provinces.

- **8-165, Exclusions, exceptions or reductions:** This proposed Saskatchewan clause is the same as Ontario's. Jim questioned why Alberta had included an exemption for group insurance and creditor's group insurance. There is no such exclusion in the current Saskatchewan Act. And if we bring in an amendment that appears to be contrary to consumer protection, the legislators need to know why and currently we don't have that information.

Action: CAFII to get back to Jim and Janette on the rationale for Alberta's introduction of an exclusion for group insurance and creditor's group insurance in this area.

Final/Concluding Comments

Overall, Bill 177 will not be introducing any major changes to the province's existing Restricted Insurance Agent/ISI regime.

CAFII was thanked for making its submission on Bill 177. It was very helpful and it's good to understand the Association's issues and address any concerns early on in the process.

Should anything further come up in the next few weeks in terms of issues and questions, Jim and Janette would be happy to schedule another call with CAFII members.