

Regulatory Update - CAFII Executive Operations Committee, October 28, 2013

Prepared By Brendan Wycks, CAFII Executive Director

Federal/National

New FCAC Commissioner Appointed

On September 4, the Honourable Jim Flaherty, Minister of Finance, today announced the appointment of Lucie Tedesco as Commissioner of the Financial Consumer Agency of Canada. Ms. Tedesco's appointment coincides with a renewed focus on financial literacy for seniors announced in Economic Action Plan 2013 to be spearheaded by FCAC, under the leadership of the Financial Literacy Leader.

Ms. Tedesco has served as Deputy Commissioner of FCAC since 2008 and has been acting in the role of Commissioner since June 2013. Prior to joining FCAC, she served as Vice-President, Strategy & Planning – Insurance Group at Export Development Canada.

Financial Literacy Month

November is Financial Literacy Month (FLM) in Canada. FLM brings together the resources, information, products and services developed by organizations across the country that help Canadians strengthen their financial literacy. The calendar of activities is on the FCAC website. CLHIA has advised that it plans to engage with FCAC and become involved in Financial Literacy Month.

Alberta

Alberta Insurance Council To Give Demo Presentation On New Canadian Insurance Participant Registry (CIPR) For CAFII Members

On Wednesday, January 8, 2014, Tom Hampton and Robin Thompson, staff executives from the Alberta Insurance Council, will be in Toronto to give a demo presentation on its new *Canadian Insurance Participant Registry (CIPR)* to CAFII members.

The presentation will take place from 2 :00 to 3 :30 p.m. at TD Insurance, 120 Adelaide St. West in Toronto. A room that can accommodate up to 20 people has been reserved.

Through the CIPR, the AIC is planning to launch online licensing for first-time applicants next February. One of the purposes of the demo presentation is obtain comments and feedback from company representatives.

CIPR serves a number of purposes:

1. *It provides a single, secure location where you can maintain and control your personal information;*

2. *It requires you to specify an email address that will act as your login identification rather than your license number. You will use this and your choice of password to log into both CIPR and AIC systems; and*
3. *It gives you a unique business identifier that you can use to identify yourself with other industry players such as insurers, LLQP providers and CE providers.*

The CIPR addresses a need that CAFII has been advocating for years. If set up properly and adopted by other Canadian provinces, it can become a first step toward a national registration system.

Saskatchewan

CAFII Concept Proposal For Restricted Insurance Agents Advisory Committee

CAFII's Licensing Efficiency Issues Committee has developed a "Concept Proposal For Insurance Councils of Saskatchewan Restricted Insurance Agents Advisory Committee," with counsel and drafting assistance from Stikeman Elliott. (The members of the LEIC are Moira Gill (Chair), Sara Gelgor, Greg Grant, John Poolman, and Brendan Wycks.) In addition, the thinking behind the Proposal has been tested, at several steps along the way, through sounding board discussions with Ron Fullan, Executive Director of the Insurance Councils of Saskatchewan.

Our proposal for a body to represent the interests of Restricted Insurance Agents in Saskatchewan is positioned as an Advisory Committee to the Executive Director, with flexibility built-in for the committee to take on a different form/status should its evolution dictate such.

The Proposal was reviewed, tweaked and finalized by the LEIC on October 2, and then forwarded to the EOC for review and approval. The Proposal was sent to Ron Fullan, Executive Director of the Saskatchewan Insurance Councils, with a cover letter on Thursday, October 10.

Manitoba

Draft Incidental Sellers of Insurance (ISI) Regulation

At its October 8, 2013 meeting, the CAFII Board supported Moira Gill's suggestion that the Association should seek a face-to-face meeting with Manitoba Finance Minister Stan Struthers, to stress how important it is for his province's ISI regime to be harmonized with those that exist in Alberta and Saskatchewan.

Previously, Scott Moore, Manitoba's Deputy Superintendent of Financial Institutions – Insurance, called Brendan Wycks on October 2 to provide an update on where things stand with his province's Draft ISI Regulation. Here is a summary of the information that Scott shared:

We're still plugging away on our review, analysis and concordance work on the stakeholder submissions, but it's coming along and we're progressing well. We're trying to harmonize with the other two ISI regime provinces as much as possible. The work is taking a bit longer than we originally thought, but we're on the case and none of the stakeholders or their submissions have been forgotten.

Issue: Travel Insurance and Personal Accident Insurance

We still have to decide how we're going to deal with these two types of insurance. There's a key distinction between us and Saskatchewan and Alberta with respect to travel and accident insurance.

Saskatchewan and Alberta never defined who is an Incidental Seller of Insurance; rather, they created legislation and regulations to set up "licensed entities." In contrast, we recently amended our Manitoba Insurance Act to define "Incidental Seller of Insurance."

Now because travel and personal accident insurance are not sold "incidental" to the sale of any other product, we have to decide if travel and accident can be fitted into our ISI regime in this province or not. We will not be looking at going back and amending the Act again.

So for your CAFII member FIs, it could end up being "status quo" for travel and accident insurance if we decide that they cannot be squared up with the ISI regime. If it turns out that status quo is our decision with respect to travel and accident insurance, that would make things easier for your members.

Issue: Rostering Requirement

We're not looking to make anyone's life burdensome or to impose onerous requirements under our ISI regime. But the regulatory issue here is Can the Insurance Council be in a position to confirm that someone has been properly trained? So we think that the solution is for us to provide clarification in the Regulation as to what we're expecting to fulfill this requirement. Our expectations will be reasonable and not unduly burdensome.

Issue: Qualified Entities

Would the Insurance Council be looking for a restricted licensee to provide a copy of its contract with a Qualified Entity (eg. a Call Centre)? The answer is No, we don't want to be imposing anything onerous or burdensome, and we certainly don't want the Council to have to get into make-work projects around records and archives. But the authority and the discretion has to be there for the Superintendent to be able to ask to see such a contract when a circumstance arises that warrants such a request. In other words, situations will sometimes come up where the regulator needs to say "Prove it. Show me the documentation." Of course, that authority will only be exercised in those exceptional circumstances. But that's what this provision in the Reg is all about and the solution again is for us to provide clarification.

Timelines:

We expect to have everything chewed up and pretty well complete within the next month or so. There are a few things to iron out with the portable electronics sellers with respect to the insurance that they sell; and while that's not germane to CAFII and the main sectors of the industry, we do want to try to move forward with one integrated ISI package.

That said, with our Bill from last year, there are other insurance-related Regs pending as well. So as we size up where we are on the ISI Regulation right now, we're contemplating moving forward in a two-phase approach:

- (i) moving ahead with the other insurance-related Regs first; and*
- (ii) moving forward with the ISI Regulation in a second phase.*

Our goal is to have both regulatory components completed and adopted by the end of 2013, and we believe that that's still possible to achieve.

If that turns out not to be possible, we foresee having the other insurance Regs adopted by the end of 2013; and then the ISI Reg adopted early in 2014, say by the end of the first quarter.

In any event, we definitely want to have our ISI Regime come into force in 2014. And given that there will be a period of time allowed for industry to become familiar with the Regime and to adapt to its requirements, it's just a question of whether the "in force" date will be July 1, 2014 or December 31, 2014. The operative date depends upon how things unfold from here on in.

Ontario

FSCO's 6th Annual Symposium for Life and Health Insurance Sector: Friday, November 22, 2013

FSCO will hold its 6th Annual Symposium for the Life and Health Insurance sector on Friday, November 22, 2013 from 8 AM to 12 PM at hotel Novotel in North York.

Quebec

CAFII Speaking Invitation Extended To New AMF CEO Louis Morisset

In October, Brendan Wycks contacted the AMF to extend an invitation to AMF CEO Louis Morisset to speak at the Reception to be held in conjunction with CAFII's April 2014 or June 2014 Board meeting. At this time, we are awaiting a response from Evelyne Gemme, Mr. Morisset's Executive Assistant.

In June 2013, Louis Morisset, a lawyer by training, was appointed CEO of the AMF, succeeding Mario Albert. Morisset previously served as Superintendent of Securities Markets at the AMF, where he has worked since 2006. In that role, he was responsible for enforcing laws and regulations related to issuers of securities, including initial public offerings, continuous information that securities issuers must produce, their governance, mergers and acquisitions, and the creation and marketing of derivatives.

Morisset was also responsible for overseeing activities in Quebec securities markets and those of IIROC. He has been a member of the Quebec Bar since 1996.

The appointment of Mr. Morisset occurs after the departure of his predecessor Mario Albert to the leadership of Investissement Québec (www.investquebec.com).

Sound Commercial Practices Guideline

The AMF issued Quebec's Sound Commercial Practices Guideline on June 11, 2013, in accordance with An Act respecting insurance, R.S.Q., c. A-32, *An Act respecting financial services cooperatives*, R.S.Q., c. C-67.3 and *An Act respecting trust companies and savings companies*, R.S.Q., c. S-29.01.

The Guideline applies to insurers, portfolio management companies controlled by an insurer, financial services cooperatives, trust and savings companies effective June 13, 2013.

A CAFII Distribution and Market Conduct Committee subcommittee that is working on an analysis of the implications for CAFII members of the IAIS' Insurance Core Principles will review the AMF's Sound Commercial Practices Guideline in the same light.

Two-Page Distribution Guide

On August 20, 2013, Louise Gauthier of the AMF advised Brendan Wycks that "A new version of the Distribution Guide will be circulated this fall. I do not have more precise information at this stage but will keep you informed."

New Brunswick

New Brunswick Launches Consultation on "Opportunities for Reforming the New Brunswick Licensing Framework for Other-than-Life Insurance Agents and Brokers"

On August 29, 2013, New Brunswick's Financial and Consumer Services Commission released a Discussion Paper, for consultation, titled "Opportunities for Reforming the New Brunswick Licensing Framework for Other-than-Life Insurance Agents and Brokers."

Even though this consultation, by title, relates to proposed modernizations and reforms to the province's regulatory framework for Other-than-Life agents and brokers, David Weir, Deputy, Director, Insurance, included CAFII in his distribution of the Discussion Paper.

And he says **"although the main focus of the paper is the licensing regime for other-than-life agents and brokers, some of the items discussed also impact other insurance intermediaries. Therefore, we also welcome any feedback from these intermediaries."**

Through a phone conversation with Mr. Weir, CAFII Executive Director Brendan Wycks learned that some of the items discussed in the paper also impact other insurance intermediaries is that New Brunswick may well introduce amendments that affect both Other-than-Life agents and brokers and Life agents and brokers simultaneously, particularly for matters where amendments to the Insurance Act will be required, and where it makes sense to do so based upon the feedback they receive from stakeholders.

The Licensing Efficiency Issues Committee will be working to submit a CAFII response to the paper by the October 31 deadline.

Atlantic Canada Insurance Regulators

In mid-October, Brendan Wycks sent a canvassing e-mail to the four Atlantic Canada insurance regulators as a group, seeking their views on the optimal timing of a CAFII "Joint Meeting" with them -- either Fall 2013 or Spring 2014 -- and the best city location for such a meeting.

Thus far, a response has been received only from Angela Mazerolle-Stephens, New Brunswick's Superintendent of Insurance, indicating that Spring 2014 would be the much preferred timing and that Moncton would be an acceptable meeting location, as CAFII had suggested.

Given that Ms. Mazerolle-Stephens' views confirm those articulated to Moira Gill by the Nova Scotia Superintendent's Office, CAFII will now work on arranging the Joint Meeting with the Atlantic Canada Regulators for April or May 2014.

Canadian Council of Insurance Regulators

Responses to Electronic Commerce in Insurance Products Position Paper

CCIR's Electronic Commerce Committee (ECC) will be taking the comments received from 13 different stakeholder groups, including CAFII, into consideration in an effort to finalize the position paper for CCIR adoption. The ECC's objective with this position paper is to communicate back to stakeholders what it has learned from the previous consultation and to set out recommendations to CCIR members regarding the issues discussed.

Open Letter to Canadian Insurers Leads to "Market Changes Working Group"

In July 2013, CCIR sent a letter to insurers in Canada asking them to apprise regulators when they are making major changes that affect the marketplace (products, distribution, etc.). In that connection, CCIR has now set up a working group, to be chaired by Grant Swanson of FSCO, to meet with industry associations to operationalize this request.

CCIR "Industry Outreach Meeting" With CAFII: Wednesday, October 30, 2013

Carol Shevlin, CCIR Policy Manager, has confirmed an Industry Outreach Meeting with CAFII for Wednesday, October 30 from 10:30 a.m. to 12 Noon in Toronto (location to be confirmed).

This 90 minute slot aligns with the preferred date/time option I'd given Carol after a canvas for our Directors' availability, and should therefore allow the following Board members to attend:

- Mark Cummings, Scotiabank Financial, Board Chair;
- Rino D'Onofrio, RBC Insurance, Board Vice-Chair;
- Dave Minor, TD Insurance;
- Rick Lancaster, CIBC Insurance;
- Julie Barker-Merz, BMO Insurance; and
- Richard Hebert, National Bank Insurance (by phone).

Canadian Insurance Services Regulatory Organizations (CISRO)

LLQP Curriculum Survey

Following the publication of the revised Competency Profile for the Life License Qualification Program (LLQP), committees of subject matter experts were formed in order to derive from it an evaluation program. The function of the Curriculum thus drafted is to put forth the competencies that the Canadian Insurance Services Regulatory Organizations (CISRO) will evaluate in their licensing exams. Only those competencies that relate to CISRO's mandate have been selected. As such, the Curriculum includes every aspect that must be mastered to practice ethically, in accordance with consumer rights. It also takes into consideration the fact that many competencies are perfected over time, with practical experience.

Because the Curriculum constitutes the cornerstone of the LLQP, it is essential for CISRO that it be validated to ensure that it is relevant to career entry and that its scope, structure and terminology are appropriate. We invite you to follow the link below to submit your comments. The survey will be open until November 3, 2013. The Curriculum itself can be found on the *Publications* page of this website (www.cisro-ocra.com/publications.html). Your feedback is important to us and will allow us to develop valid preparation material and exams based on a Curriculum that is up-to-date and relevant to professional practice.

- [LINK TO SURVEY](#)

The new LLQP is to be ready by September 2015. Currently, the LLQP does not include BC and Quebec but both provinces will be included in the new program.

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