

**Agenda Item 5(a)**  
**February 18, 2014 EOC Meeting**

**From:** Brendan Wycks [mailto:brendan.wycks@cafii.com]  
**Sent:** February-14-14 4:56 PM  
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**Subject:** Further Update From Scott Moore, Deputy Superintendent of Insurance, Re Manitoba ISI Regulation

**EOC Members:**

See below for an update from Scott Moore on Manitoba's ISI Regulation, which comes from a phone conversation we just had. The update is in the form of his comments, which I've inserted below in **bold**, in response to an e-mail I sent him yesterday.

Brendan Wycks, BA, MBA, CAE  
Executive Director  
Canadian Association of Financial Institutions in Insurance

**From:** Brendan Wycks [mailto:brendan.wycks@cafii.com]  
**Sent:** February-13-14 2:52 PM  
**To:** Moore, Scott (FINFIRB) (Scott.Moore@gov.mb.ca)  
**Cc:** jim.scalena@gov.mb.ca  
**Subject:** CAFII-Requested Meeting With Manitoba Minister of Finance Deferred To March 2014

Hi, Scott. In follow-up to our phone conversation on January 28, below is the message I told you about from the Minister's Scheduling Coordinator, deferring until March the meeting that CAFII had requested.

Thanks for calling to advise that the Draft ISI Regulation will be amended to address the concerns voiced by CAFII and other industry groups. CAFII members were pleased to learn that

- the roster requirement will be eliminated for both Restricted Licence Holders and Qualified Entities;  
**Correct**
- the provision related to the Superintendent's possible pre-licensing approval of some requirements will be removed; **Correct**
- the Statement of Number of Persons to be Transacting Insurance will be adjusted to an indication of the numerical range in which the authorized number of persons under the licence falls;

**This one needs some clarification. We actually didn't change the wording in this provision at all. The intent and the way it will work is that restricted licence applicants will still be required to state a specific number of persons at the time of the initial application; but for licence renewals, only a numerical range will be required.**

The specific number that's required with an initial application will not be monitored or policed. We and the Insurance Council realize that whatever number is stated is really just a number at a given point in time and it could change within minutes of the time that the application is filed. It's really just to give us a snapshot. And given that there's no longer a requirement to maintain a list/roster, having to state a specific number on an initial restricted licence application should really not be a bother or concern for CAFII members. And when your members go to renew the licence, they are all going to be at the highest tier in any event.

- while the definition of an Incidental Seller will not be changed at this time, if and when a future window of opportunity opens to review and amend the Insurance Act, you will look at the definition carefully at that time and determine if it's prudent to change it. **Correct**

In that connection, I'm wondering if you have any news or an update you can share on when you'll be circulating the new Draft of the Regulation, a target date for legislative approval, and a target effective/implementation date.

In terms of implementation timelines, we really have no idea. Superintendent Jim Scalena just had his second-ever meeting with the new Minister of Finance yesterday, and the topics they discussed were totally outside of the insurance area.

We're just putting together our briefing materials now on the ISI Regulation, and they have to go to the Deputy Minister first before they can move forward to the Minister's Office. We were hoping to have been further along on the path to legislative approval and closer to an implementation date by this stage, but we're dealing with certain realities and making good progress in the face of those realities. So legislative approval and implementation are not imminent and we really can't be specific yet on those timelines.

We're still operating under the premise that the Regulation is going to be approved this year. And when it is, we're not going to put the industry under the pressure of a short, compressed timeline for implementation. We're not going to give you just two months to get ready and make any systems changes or other adaptations that may be necessary. We're going to build in a fair and reasonable amount of time for implementation.

We do not plan on circulating a third draft of the Regulation, because that could potentially get things bogged down and cause further delays.

But what I will do next week is respond to your e-mail in writing, so that you have written confirmation of the amendments that we've made to Draft 2 of the Regulation.

Regards,  
Brendan Wycks, BA, MBA, CAE  
Executive Director  
Canadian Association of Financial Institutions in Insurance

**From:** Dobriansky, Kathy [<mailto:Kathy.Dobriansky@leg.gov.mb.ca>]

**Sent:** January-22-14 1:54 PM

**To:** 'Brendan Wycks'

**Subject:** RE: Follow-up Re CAFII's Preferred Dates For February Meeting With Manitoba Minister of Finance

Hello Brendan,

Minister Howard has now had an opportunity to review your request to meet and, unfortunately, advises that she is unable to meet with CAFII Board members until mid-March as she is focusing on preparing the Manitoba Provincial Budget. Also, because the Manitoba Legislative Assembly is scheduled to resume sitting on March 6<sup>th</sup>, I'm not able to provide tentative meeting dates until I receive the House schedule. I will therefore contact you mid-February once I have an indication of what Minister Howard's availability will be.

Thank you for your understanding.

Kathy Dobriansky  
Scheduling Coordinator to the  
Honourable Jennifer Howard  
Minister of Finance  
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**From:** Brendan Wycks [mailto:brendan.wycks@cafii.com]

**Sent:** January-28-14 4:18 PM

**To:** 'David Minor'; 'Isaac Sananes'; 'Julie Barker-Merz'; 'Linda Fiset'; 'Mark Cummings'; 'Richard Hebert'; 'Rick Lancaster'; 'Rino D'Onofrio'; 'Robert Zanussi'; vivianne.g.maglione@aexp.com; 'André L. Duval'; 'Blaquiere, Charles'; 'Emily Brown'; Rajaram, Raja (Raja.Rajaram@cibc.com); 'Greg Grant'; 'Hines, Jennifer'; brian.wise@assurant.com; 'Lewsen, John'; 'Maria Sanchez-Chung'; 'moira.gill@td.com'; 'paul.yeung@rbc.com'; 'Rose Beckford'; 'Sue Manson'; eleanore.fang@td.com; Cecillia.Xiao@assurant.com; derek.blake@rbc.com

**Subject:** Update From Scott Moore, Manitoba Deputy Superintendent, On Changes To Draft ISI Regulation

#### **CAFII Board and EOC Members:**

Manitoba Deputy Superintendent of Insurance Scott Moore called this afternoon to provide an update on changes that will be made to *Part 2, Restricted Insurance Agent Licences*, of Manitoba's *Insurance Agents and Adjusters Regulation*, in response to the strong messages received from CAFII and other stakeholders.

**Overall, these changes constitute a Regulatory Advocacy win for CAFII and allied industry Associations (CLHIA and CBA).**

It is my sense that our decision to escalate and request a meeting with the Minister of Finance constituted a positive nudge in the right direction for the Superintendent's Office and the Insurance Council of Manitoba, which have been working together on the draft Regulation. Scott Moore suggested that the fact that certain matters have now been resolved "may or may not have an impact on the number of folks you want to have travel to Winnipeg for the meeting that you've requested with the Minister of Finance."

The changes that Scott highlighted are as follows:

#### **Roster Requirement**

This will be eliminated both for Restricted Licence Holders and for Qualified Entities. Manitoba will be harmonized with Alberta and Saskatchewan and no longer an outlier with this requirement.

### **Statement Of Number Of Persons To Be Transacting Insurance On Initial Licence Application**

This will be retained. However, as per CAFII's recommendation, Restricted Licence applicants will only be required to indicate a numerical range within which their authorized number of persons falls. And the indication of the numerical range will only be required for initial applications, not for Restricted Licence renewals. This will bring Manitoba into full harmony with the Alberta and Saskatchewan ISI regimes.

### **Superintendent's Pre-Licensing Approval Of Some Requirements**

This provision is being removed as well, which should eliminate any possible confusion around intent or practice. The Superintendent will not be seeking to pre-approve policies, procedures, or anything at the time of licence application or licence renewal.

However, as is set out elsewhere in the Regulation (redundancy was pointed out by CAFII and other stakeholders), Restricted Licence Holders will be expected to have appropriate policies and procedures in place throughout the duration of the licence period, and the Superintendent could call upon them to produce the documentation if the need arises.

### **Definition of "Incidental Sellers of Insurance"**

Unfortunately, the definition of an Incidental Seller, a definition that was actually put together by the CCIR, is in our Insurance Act and we cannot go back and amend the Act at this time. And we can't have something in a Regulation that over-rides the Act. So for the time being, we have to live with the definition of an Incidental Seller that's in the Act and with any limitations on our ISI regime that it imposes. However, if and when a future window of opportunity opens to review and amend the Act, we will look at the definition carefully at that time and determine if it's prudent to change it.

In an earlier phone conversation I had with Scott on January 15 – when I gave him a heads-up that CAFII was about to send a letter to the Minister of Finance requesting a meeting on a range of topics including the draft ISI Regulation – he said

- the Insurance Council seems to think that the push-back on the Roster Requirement is an issue of language/semantics as it seems that something is being lost in translation. (I quickly disabused him of that notion, and explained in some detail why the Roster Requirement would be an onerous and burdensome requirement for CAFII members, and which would not produce any incremental consumer protection benefits.); and, at the end of our conversation,
- we hear you and the other stakeholders loud and clear that the Roster Requirement could be a deal-breaker, especially if it's going to take 18 months for implementation. We're looking at what we can do to compromise and potentially harmonize to a greater degree with Alberta and Saskatchewan. We will find a solution.

On the assumption that we will see these changes reflected in Draft 3 of Manitoba's ISI Regulation shortly, the LEIC and EOC will discuss and make a recommendation as to whether we should maintain our request for a meeting with the Minister of Finance or withdraw it.

Brendan Wycks, BA, MBA, CAE  
Executive Director  
Canadian Association of Financial Institutions in Insurance