

***Agenda Item 6(b)(i)***

***January 14, 2014 EOC Meeting***

**CAFII/Alberta Insurance Council Teleconference Meeting Re**

**Preliminary Discussion Of Representation For Restricted Insurance Agent Licensees In Alberta**

**December 12, 2013**

**CAFII Attendees:** Moira Gill; John Lewsen; Brendan Wycks; Leya Duigu

**Alberta Insurance Council Attendees:** Joanne Abram, CEO; Sylvia Boyetchko, Director of Licensing

Moira Gill, who was physically present with Joanne Abrams and Sylvia Boyetchko at the Alberta Insurance Council office in Edmonton, provided a background introduction to the focus of this meeting. She recapped of previous discussions between CAFII and the Council on this matter.

Joanne Abram advised that going back two or three years, there wasn't any real urgency to the matter of representation for restricted licence holders in the province. But as she had indicated to Brendan Wycks in a recent lunch discussion in Toronto, now is an excellent time to be looking at this again, especially given the substantial growth in the number of restrict licence holders in the province in recent years.

Within the next year or so, the Council will be merging its near-dormant Adjusters Council into the General Council, so that creates an opportunity to kill two birds with one stone and create a body/vehicle for representation for restricted licence holders. The timing is perfect to revisit this. Joanne expressed interest in the model for restricted licence holder representation that CAFII had submitted to the Insurance Councils of Saskatchewan.

Brendan Wycks highlighted the information contained in the four slides in CAFII's "Discussion Document Re Representation for Restricted Licence Holders in Alberta," pausing for discussion after each slide.

With respect to point #3 under "Characteristics of an Ideal Approach to Representation," Joanne Abram recalled that the question of a fair approach to representation for the different types of restricted licence holders was the one that stale-mated things when we had our first discussions about this.

Moira said that CAFII believes that representation should be based upon the number of individuals under each corporate licence. Joanne said that she isn't prepared to go that far, but agreed that some fair approach to representation of the different types of restricted licence holders has to be devised.

Moira suggested that it may then make sense to look at "number of transactions" as the basis for sub-sector representation on a restricted licence holder body.

Joanne Abram concurred that what we don't want is to have a large number of small licensees (eg. car dealers) making decisions that would affect large Financial Institutions.

With respect to point #4 “Flexibility on Residency,” Joanne Abram said the world is changing and 30% of certificate holders in Alberta don’t reside in the province. And since Alberta is getting increasing numbers of applicants from outside the province, she is not stuck on having a residency requirement to serve on a representative body. Meetings can be held by teleconference, so she is willing to be flexible.

#### Possible Approaches For Achieving Restricted License Holder Representation/Participation in Alberta

The three options set out in CAFII’s table were discussed thoroughly, in terms of the concept and the pros and cons of each.

Joanne Abram initially thought that regulation change may be necessary to implement any one of the three options in her province, but she would need to do some more research to be sure.

The powers in the Insurance Act rest with the Minister, who then delegates to the Insurance Council. She is not interested in making a change to be able to regulate via bylaws, as that would likely entail removing the ability of the Superintendent to appoint “public representatives” to the Councils. She’s not thinking of radical change, but rather moderate change that can create the needed representation in a manner that is in harmony with the existing structure.

Following discussion of the three conceptual approaches, there was agreement that

- A sub-Council that would have jurisdiction over restricted licence holder matters, and which would report to and liaise/co-ordinate with the Life Council, is **not** worth pursuing because it is the most problematic. The scope of jurisdiction of the sub-Council versus the main Life Council would be a tough nut to crack. Would sub-Council decisions stand on their own? And at present, the delegation from the Minister to the Life Council doesn’t allow for sub-delegation, so this option would definitely require a regulation change.
- The separate, co-equal Council and the non-binding Advisory Committee of restricted licence holders are both viable options and Joanne is prepared to consider both.
- Given the imminent opportunity for regulatory change, it would be interesting to pursue a separate, co-equal Council to exclusively govern restricted licence holders. This approach would achieve the optimal degree of voice and influence for restricted licensees, commensurate with the sector’s growth.
- All things considered, a non-binding Advisory Committee of restricted licence holders, which reports to and liaises/co-ordinates with the Life Council, may be the best option. An Advisory Committee to the Executive Director is what CAFII has proposed to the Insurance Councils of Saskatchewan. Even though an Advisory Committee would provide only a minimal degree of voice and influence for restricted licence holders, there are ways and means of structuring the committee so there is public knowledge of what the committee is doing and saying. While it wouldn’t have the ability to make binding recommendations, its thoughts and advice would carry some weight.

- An Advisory Committee would be a useful forum for the communication of concerns for the industry as well as for the regulator. Scope of jurisdiction would not be a big issue because it would be an advisory committee providing specific knowledge and expertise on distribution and products.
- An Advisory Committee could be the starting point, but things could evolve towards a separate Council eventually. If the regulations are to be amended, then making it possible to set up a separate Council down the road would be ideal.
- Corporate licensees are very different from individual licensees, so the Advisory Committee route could be an ideal way to enter into this, and then learn, grow and evolve.

Joanne Abram indicated that there might be a way to establish an Advisory Committee without the need for regulation change – as the Life Council currently has the right to seek advice -- but she will need to check into that.

### **Next Steps**

It was agreed that CAFII would go back to its legal counsel and consult with a view to fleshing out the separate, co-equal Council and Advisory Committee concepts into a more formal, written proposal to be submitted to Joanne by the end of January 2014. By January, there will hopefully be more substantive progress to report on how Saskatchewan will be moving forward on the Advisory Committee proposal it has in hand.

In terms of timing, Q1 of 2014 is ideal for moving this forward. Joanne will be putting together a proposal to the Superintendent in January for merging the Adjusters Council into the General Council. So if CAFII can get something to her by the end of January, it will allow her to open the door and begin discussions with him about this desired change.