



March 22, 2013

Dear Stakeholder

RE: Invitation

I am writing to bring to your attention the next phase of work to be undertaken by the Agencies Regulation Committee (ARC) and invite your organization to meet with us.

ARC is a working committee that was established by the Canadian Council of Insurance Regulators (CCIR) to research whether the activities of managing general agents (MGAs), wholesale brokers and third part administrators (TPAs) cause risk to consumers and whether existing legislative and regulatory regimes provide adequate protection. If gaps are identified, part of ARC's mandate is to try to identify appropriate solutions, keeping in mind the desire for harmonized risk based regulatory approaches.

Recently ARC completed its review of the role of MGAs in the distribution of individual life products [add hyperlink to paper]. ARC is now intending to examine the use and oversight of TPAs in group life, group accident and sickness, creditor's protection insurance, and travel insurance.

The objectives of this work will be the following:

- Gather up-to-date information on current regulation of TPAs across Canada;
- Research industry practices regarding the use and oversight of TPAs in the targeted sectors;
- Identify if there are any regulatory issues or potential regulatory issues arising from insurers' use of TPAs in these sectors, including potential risks to consumers;
- Formulate proposed recommendations to mitigate any identified risks or potential risks;
- If legislative gaps exist, identify appropriate solutions; and
- If necessary, develop a position paper on the findings.

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As part of our information gathering, we would like to gather your preliminary input on the use and oversight of TPAs to ensure we are focusing on the correct areas. The committee envisions this could be done by teleconference with appropriate representatives of your organizations. We would also like to gather your feedback on the types of consultations or surveys that could be undertaken and, if applicable, the survey delivery method.

Please advise Carol Shevlin, at (416) 226-7893, whether you are interested in participating in this pre-consultation phase by April 5th. If you wish to participate, please also provide contact information for your principle representative.

We thank you for your time.

Regards,

Harry James
ARC Chair