

**Agenda Item 6(b)(ii)**  
**September 24, 2013 EOC Meeting**

**From:** Brendan Wycks [mailto:brendan.wycks@cafii.com]  
**Sent:** September-18-13 11:17 AM  
**To:** Media and Advocacy Committee  
**C.C.:** Distribution and Market Conduct Committee; Executive Operations Committee  
**Subject:** Update On CCIR's TPA Review Initiative

As per below, Carol Shevlin, CCIR Policy Manager, has extended an invitation to CAFII to meet with her and Harry James, Chair of CCIR's Agencies Regulation Committee (from BC's FICOM), for some pre-consultation discussion about CCIR's "TPA Review" initiative on **Thursday, September 26 in downtown Toronto, with a start time of 9:00/9:15 a.m. or 12 Noon.**

As a precursor development to this, I was surprised back, on September 9, to receive an e-mail from Erica Hiemstra who wanted to touch base and do some pre-vetting consultation on a submission that CLHIA was about to make to CCIR on the TPA Review initiative (penultimate draft circulated to CLHIA Committee members yesterday), given that Erica had met with Harry James and Carol about it back in May. In contrast, we had been waiting since April to hear back from Carol re the scheduling of a pre-consultation teleconference between the ARC and a small delegation of CAFII members about the TPA Review.

However, when I teleconferenced with Erica, Leslie Byrnes, Karen Voin, and Annie Duval of CLHIA on September 11 for a verbal-only review of CLHIA's draft submission, I found out that the meeting between Erica and Harry/Carol back in May was just a brief informal meeting, held at the CLHIA Compliance Conference in Vancouver, which had been arranged impromptu at Erica's request.

In addition to the helpful e-mail from Carol below (September 11, 11:27 a.m.) -- which clarifies where the CCIR's "head is at" on this issue – Carol also shared the following with me in a phone chat:

- The "shape of things" and the direction that the ARC is going in on this can be seen in the e-mail that she sent to me on September 11. Also, the ARC has many of the same questions about TPAs as it had about MGAs in the recent MGA Review initiative
- One issue that's on the ARC's mind is that *we understand that there are some situations out there where small life agents who are looking to land a contract are simply buying some administration software and then claiming to have experience/expertise in this area and saying "We can handle administration for you." We'd like to find out if that sort of situation is really out there. Is that really going on?*
- Timelines: At the CCIR Fall meeting (October 2-4 in Ottawa), the ARC wants to be able to say to the Council that "We've got some preliminary information on this, in a short report (based on CLHIA's pre-consultation submission)." And then we'll be able to come back to the Council during its Winter conference call (February 2014) with a Draft Consultation Paper, which would likely then be released shortly thereafter. So it's still early days. CAFII hasn't been forgotten or left out. There's still plenty of time and opportunity for you to get involved in the TPA Review consultation and make your views known.

At the April EOC meeting, we had a fairly extensive discussion about the just-announced TPA Review initiative. Given that there is some sensitivity/exposure around the issue of use and oversight of TPAs, we decided that when a CAFII delegation meets with CCIR about it, the Association should be represented by our more seasoned/savvy members.

It would be great if we could form a CAFII delegation of three to five reps, and take advantage of this face-to-face meeting opportunity when Harry James is going to be in Toronto next Thursday.

As per the EOC discussion in April, we'll definitely want to have a preparatory teleconference (45 minutes to an hour, I'd say) to agree on the Key Messages we want to deliver, and to anticipate questions and lines of inquiry that Harry and Carol might raise and how we'll respond.

**From:** Carol Shevlin [<mailto:Carol.Shevlin@fscs.gov.on.ca>]  
**Sent:** September-17-13 12:41 PM  
**To:** 'Brendan Wycks'  
**Cc:** 'James, Harry FIN:EX'  
**Subject:** RE: CCIR - TPA review

Brendan,

It's Sept. 26<sup>th</sup> – sorry for the confusion. We have booked 10:30 to 11:30 at the CLHIA. Can you do 9:00 or 9:30 (or after 11:30) somewhere downtown?

Carol

**From:** James, Harry FIN:EX [<mailto:Harry.James@ficombc.ca>]  
**Sent:** September-16-13 5:55 PM  
**To:** 'Brendan Wycks'; 'Carol Shevlin'  
**Subject:** RE: CCIR - TPA review

Sorry, for the confusion it is the Thursday of next week – the 26<sup>th</sup> that I'll be in Toronto

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**From:** Brendan Wycks [<mailto:brendan.wycks@cafii.com>]  
**Sent:** September-16-13 5:53 PM  
**To:** Carol Shevlin  
**Cc:** 'James, Harry FIN:EX'  
**Subject:** RE: CCIR - TPA review

Thanks, Carol and Harry.

The date/time you've offered could just work. Let me check with some of my members and get back to you asap, hopefully tomorrow.

Just want to confirm the date: Thursday of **this week**, the 19<sup>th</sup>, that Harry will be in Toronto and you'd both be available to meet with a small group from CAFII in the morning?

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

**From:** Carol Shevlin [<mailto:Carol.Shevlin@fsco.gov.on.ca>]  
**Sent:** September-16-13 5:35 PM  
**To:** Brendan Wycks  
**Cc:** 'James, Harry FIN:EX'  
**Subject:** CCIR - TPA review

Brendan,

Harry James is going to be in town next week and, if CAFII is interested, he and I will be available to have a pre-consultation talk with some of your people (or just you) on TPAs Thursday the 19<sup>th</sup> –in the morning.

Let me know.

Carol Shevlin  
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**From:** Carol Shevlin [<mailto:Carol.Shevlin@fsco.gov.on.ca>]  
**Sent:** September-11-13 11:27 AM  
**To:** 'Brendan Wycks'  
**Cc:** 'James, Harry FIN:EX'  
**Subject:** RE: CCIR Agencies Regulation Committee's TPA Review Initiative

Brendan,

We can do something by phone, if you'd like, or you can write to us.

We haven't defined TPA yet – and may not, depending on what we learn. For now, we generalize them as non-insurers who either stand between an insurer and an insured to perform one or more policy administration functions, or administer benefit plans directly for employers or Trustees.

We would be interested in knowing the details of the arrangements that insurers have with TPAs, for instance:

- Who initiates the arrangements? We understand that there are TPAs who develop a product and then search out an insurer to underwrite it. Have any of your members seen this happen or are these all outsourcing arrangements where the insurer has a product that they contract with a TPA to administer?
- What processes are in place to oversee the work of the TPA? Onsite visits? Audits?

- How often are the contracts reviewed?

I note here that our expectations for outsourced work will likely resemble those that we have outlined for MGAs, so, if you could review those in this light and comment, it might save some time.

- What procedures are in place for escalating consumer complaints?
- What disclosure is there to consumers on identification of the insurer, complaint escalation, etc.?

Let me know how you'd like to proceed.

Carol

**From:** Brendan Wycks [<mailto:brendan.wycks@cafii.com>]  
**Sent:** September-10-13 3:27 PM  
**To:** Carol Shevlin  
**Subject:** RE: CCIR Agencies Regulation Committee's TPA Review Initiative

Carol:

Yes, several of them do.

And that answer might even be “many/most of them do” depending upon how you define “TPA.” Uncertainty around definition of TPA was one of the key issues when our Executive Operations Committee discussed this imminent CCIR initiative back in the Spring, upon receipt of the invitation letter. We were looking forward to the opportunity to have some input and help the ARC define the scope and work plan for this Review.

Given that the letter refers to the use of TPAs in group life, group accident and sickness, creditor's protection insurance, and travel insurance – the latter two of which are CAFII members' primary lines of business – we were looking forward to a consultation discussion about the Review.

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**From:** Carol Shevlin [<mailto:Carol.Shevlin@fscs.gov.on.ca>]  
**Sent:** September-10-13 2:56 PM  
**To:** 'Brendan Wycks'  
**Subject:** RE: CCIR Agencies Regulation Committee's TPA Review Initiative

Brendan,

Do your members use TPAs much?

Carol

**From:** Brendan Wycks [<mailto:brendan.wycks@cafii.com>]  
**Sent:** September-10-13 2:55 PM  
**To:** Carol Shevlin  
**Subject:** CCIR Agencies Regulation Committee's TPA Review Initiative

Hi, Carol.

Just wondering about the status of the TPA Review initiative?

Below is the last correspondence between us about it.

Yesterday, however, in a casual e-mail exchange with Erica Hiemstra of CLHIA, I learned that she had met with Harry James and yourself about the TPA Review initiative back in May; and that CLHIA is preparing a pre-consultation submission to CCIR about it.

As per the March 22 invitation letter to stakeholders, to which we indicated acceptance, is CCIR still wanting to engage with CAFII for at least a pre-consultation teleconference about the TPA Review initiative?

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