

***Agenda Item 6(b)(ii)  
November 14/17 EOC Meeting***

CAFII's final meeting in its recent round of liaison visits tour to Western Canada insurance regulators and policy-makers was with the Insurance Council of Manitoba (ICM). This meeting was unique in that the members of ICM's Incidental Sales of Insurance (ISI) Committee (an ad hoc committee established in 2015, at the time that Manitoba implemented its new RIA regime) were invited to attend as well.

Because of the large size of the group of attendees at the meeting, it could not be accommodated at the ICM's offices, so the Chair of the ISI Committee, Paul Brett, hosted it at his law firm Thompson, Dorfman, Sweatman LLP. In attendance from the Insurance Council of Manitoba were Barbara Palace Churchill, Executive Director; Lee Roth, Investigator; and Heather Winters, Director, Licensing & Compliance. Also in attendance was Deputy Superintendent of Insurance Scott Moore from the province's Financial Institutions Regulation Branch (FIRB).

The meeting attendees were engaged and interested, with much dialogue occurring throughout a nearly two-hour meeting.

One member of the ISI Committee raised concerns about a specific product sold in car dealerships, where the insurance coverage related to a vehicle purchase was being sold under a "single premium" structure and the insurance premium was being rolled into the loan principal for payment.

Two specific fair treatment of consumers concerns were raised with respect to how his product is allegedly being sold and administered in Manitoba.

First, the product has resulted in instances where the policy-holder is not receiving a refund of a portion of the insurance premium paid when he/she pays off the loan early, before the amortization schedule has fully run its course. And second, it has resulted in instances where almost all of the consumer's periodic loan payments is being applied to cover the insurance premiums and very little is being applied to reduce the principal of the loan, such that even after several years of making periodic payments, the consumer's principal balance on the car loan has remained practically unchanged.

The CAFII members present responded that they were not aware of the existence of such a product. However, ICM's staff Investigator Lee Roth challenged that response, noting that he had investigated consumer complaints related to the product in question, and he suggested that CAFII members were selling it through relationships with car dealers in Manitoba.

CAFII agreed to look into this matter internally with the Association's members; and to facilitate a response(s) to ICM on the matter once it had been investigated.