

May 1, 2015

Secretary
Financial and Consumer Services Commission
85 Charlotte Street, Suite 300
Saint John, NB E2L 2J2

Dear Sir or Madam:

The Canadian Association of Financial Institutions in Insurance (CAFII) appreciates the opportunity to offer comments on proposed FCNB *Rule INS-001 Fees* in relation to the Insurance Act.

Overall, we support the thrust of the proposed changes. We are pleased to see that there will be no distinction in the licensing process and related fees between resident and non-resident applicants.

We also enthusiastically support the FCNB's efforts to develop an on-line licensing system and we encourage the Commission to develop the system with a view to eventual integration with a national licensing system. A national online system would facilitate multi-jurisdictional licensing as well as assist insurers and regulators in undertaking background checks and criminal record checks on license applicants.

That said, we have a few particular concerns which we have outlined below.

1. Section 10 "Coming into force of deadline for filing a renewal application" and Section 11 "Coming into force of the late filing fee".

We recommend a one-year phase-in/transition period for the changes rather than three months as outlined in these sections. Further, during that one-year transition period, we recommend that any renewal application not filed at least one month prior to the expiry date should give rise to a warning/reminder communique rather than a late fee penalty.

2. Sections 2(3), 7(1) and 7(2)

We would like refunds of license fees, in the circumstances specified, to be routine and automatic, rather than at the Superintendent's discretion. Making a refund automatic in those circumstances is only fair and reasonable, and necessary to provide some balance and an offset to the introduction of a provision, in 2(3), that licence application fees paid are completely non-refundable "regardless of whether the application is abandoned, issued or denied by the Superintendent."

On a related point, we have significant concerns about the timeframe for license renewals outlined by the Insurance Division in its Information Bulletin of March 24, 2015.

The Division indicated that it intends to mail out a renewal package eight (8) weeks in advance of a licensee's expiry date and that renewal applications must be received by the Division four(4) weeks prior to the license renewal date to ensure the licensee receives a new license before the expiry date of the existing license.

That leaves licensees only four (4) weeks to complete and return the application and that simply isn't enough time to complete all of the requirements of the renewal process, i.e. completing the application; sending the application to the insurer to complete its requirements (confirming no errors or omissions); sending the application from the insurer back to the licensee; and, finally, mailing the application to the Insurance Division. As a result, we recommend that the renewal package be sent out ten (10) to twelve (12) weeks prior the license expiry date.

CAFII thanks the Financial and Consumer Services Commission for the opportunity to submit our comments on *Rule INS-001 Fees*. If you require further information or clarification on any of our points, please contact Brendan Wycks, our Executive Director, at brendan.wycks@cafii.com or 647-218-8243 to arrange a mutually convenient time for a follow-up discussion.

Sincerely,

A handwritten signature in dark ink, appearing to read "G. Grant". The signature is fluid and cursive, with the first name "G." and the last name "Grant" clearly visible.

Gregor Grant, MBA, FLMI, ACS
Secretary and Chair, Executive Operations Committee

c.c. Angela Mazerolle, Superintendent of Insurance
David Weir, Deputy Superintendent of Insurance

ABOUT CAFII

The Canadian Association of Financial Institutions in Insurance (CAFII) is a not-for-profit industry Association dedicated to the development of an open and flexible insurance marketplace. CAFII was established in 1997 to create a voice for financial institutions involved in selling insurance through a variety of distribution channels. CAFII members provide insurance through client contact centres, agents and brokers, travel agents, direct mail, branches of financial institutions, and the internet.

CAFII believes consumers are best served when they have meaningful choice in the purchase of insurance products and services.

CAFII is currently the only Canadian Association with members involved in all major lines of personal insurance. CAFII's full members are the insurance arms of Canada's major financial institutions – BMO Insurance; CIBC Insurance; Desjardins Financial Security; National Bank Insurance; RBC Insurance; ScotiaLife Financial; and TD Insurance – along with major industry players American Express, Assurant Solutions, Canadian Premier Life Insurance Company, and The CUMIS Group Ltd.

In addition, CAFII has 10 Associates that support the role of financial institutions in insurance.

CAFII members offer travel, life, health, property and casualty, and creditor's group insurance across Canada. In particular, creditor's group insurance and travel insurance are the product lines of primary focus for CAFII as its members' common ground.

CAFII's diverse membership enables our Association to take a broad view of the regulatory regime governing the insurance marketplace. CAFII works with government and regulators (primarily provincial) to develop a legislative and regulatory framework for the insurance sector that helps ensure Canadian consumers get the insurance products that suit their needs. Our aim is to ensure appropriate standards are in place for the distribution and marketing of all insurance products and services.