



Agenda Item 6(f)(i)

November 26, 2013 EOC Meeting

From: Brendan Wycks [mailto:brendan.wycks@cafii.com]

Sent: November-13-13 3:16 PM

To: 'Gill, Moira'

Cc: 'Jennifer Hines'; 'Sara Gelgor'; Rose Beckford (rose.beckford@scotiabank.com); 'Yeung, Paul' (paul.yeung@rbc.com); Grant Greg (Greg.Grant@cibc.com); 'Lewsen, John'; 'Leya Duigu'

Subject: Follow-up Phone Conversation With Scott Moore Re Manitoba Draft ISI Regulation

Hi, Moira.

I've now had a chance to speak to Scott Moore about how important it is to CAFII that Manitoba harmonize with the other ISI regimes in the country. I got clarification on the areas in which Manitoba appears to be dug-in on taking a non-harmonized approach and an update on their timelines.

The information I obtained is **not** very comforting to us. Therefore – unless you advise to the contrary – I'll go ahead and revise the meeting request letter to the Minister of Finance and make it more broadly focused. Also, I'd say that we should send off the letter and try to arrange the meeting with the Minister asap, rather than waiting for the release of the Revised Draft Regulation and the brief two to three week consultation period that is to follow.

Your thoughts on that?

Here are the updates I obtained from Scott:

Issue: Rostering Requirement, ie. Section 26(2)(c), 30(1)(c) to (e), and 30(2)(b): Maintaining Records of Persons Authorized To Transact Insurance

The Regulation will be tweaked to accept from a restricted licence applicant a numerical range for the number of employees who will be authorized to transact insurance, rather than a precise number.

Other than that, however, the language that was in the Draft Regulation will not be significantly changed.

*In other words, there will still be a requirement for a restricted licence applicant/holder to maintain a roster. The Regulation will be clarified, though, to make it clear that it is **not** a requirement that the Roster be provided at the time of licence application or renewal, as a matter of routine.*

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The regulatory issue here remains one of verification/authentication when an issue comes up; and requiring the maintenance of a Roster is the one fail-safe way we see for the Insurance Council to be able to do that. The authority and the discretion has to be there for the Council or the Superintendent to be able to ask to see supporting documents when a circumstance arises that warrants such a request. In other words, situations will sometimes come up where the regulator needs to say “Prove it. Show me the documentation.” Of course, that authority will only be exercised in those exceptional circumstances. But that’s what this provision in the Reg is all about.

Sections 26(2)(b) and 28: Designation of Operating Agent

*We have cleaned up the language and clarified our intent on this point. We agreed with the general tenor of the feedback we received on the Draft Regulation on this point, and the Council and our drafter also concurred. The original term we used was “Operating Agent.” We’ve changed that to “Designated Official” and clarified that this person will **not** be expected to supervise the employees of the applicant.*

Section 26(2)(d)(ii): Requirement To Submit Policies And Procedures With Licence Application

You made the point in your CAFII submission that this section seemed to indicate that an application for a restricted licence must be accompanied by reasonable and demonstrable policies and procedures to ensure that anyone who transacts insurance on behalf of the applicant is knowledgeable. I can assure you that the Council won’t be asking for the submission of training manuals at the time of a licence application or renewal. Especially not from the financial institutions that are your members. Something more basic will be adequate from your members.

The requirement to submit fulsome policies and procedures is something that is there moreso for the peripheral ISI players, but we have to have it in the Regulation as a requirement that may be called into play.

As with several of the provisions in the Regulation, how it will be put into effect is a matter of interpretation. Here again, the concern is about when an issue comes up; and being able to call for the provision of training policies, plans, and procedures is a key mechanism that will allow the Insurance Council to fulfill its verification/authentication responsibilities.

Timelines:

Our goal is still to have both regulatory components – the other insurance-related Regs from last year and the ISI Regulation -- completed and adopted by the end of 2013, and we believe that it’s still possible to achieve that.

*We expect to be in a position to put things back in the hands of the Council within the next few weeks. **And then there will be a brief follow-up consultation on the Revised Draft Regulation, which might be a period of two or three weeks.***

If the our plan to move forward with both regulatory components in tandem by the end of this calendar year doesn't work out, then our contingency plan is to move forward in a two-phase approach:

- (i) moving ahead with the other insurance-related Regs first, for adoption by the end of 2013; and*
- (ii) moving forward with the ISI Regulation in a second phase, for adoption in early 2014, likely by the end of the first quarter.*

In any event, we definitely want to have our ISI Regime come into force in 2014. And given that there will be a period of time allowed for industry to become familiar with the Regime and to adapt to its requirements, it's just a question of whether the "in force" date will be July 1, 2014 or December 31, 2014. The operative date depends upon how things unfold from here on in.

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Executive Director

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From: Gill, Moira [<mailto:moira.gill@td.com>]

Sent: November-07-13 12:16 PM

To: Brendan Wycks

Cc: 'Jennifer Hines'; 'Sara Gelgor'

Subject: RE: Draft CAFII Meeting Request Letter to Manitoba Minister of Finance

I believe that it was the issue of the roster, and it may have come up in a CLHIA meeting. Manitoba may not be willing to harmonize with Alberta and Saskatchewan with respect to maintaining a roster of authorized personnel under the restricted license. The proposed requirement is to maintain a current record of all persons authorized to transact insurance on behalf of the restricted licence holder (including the person's name, date on which the authorization began and ended, the business address from which the person works, whether the person is an employee of the restricted licence holder or a qualified entity, and the class of insurance the person is authorized to transact). We want them to follow Alberta and Saskatchewan, and allow us to provide a numerical range of the people authorized to transact insurance at the time of application.

This became connected to education requirements of some sort in my mind due to your note on your conversation with Scott:

Issue: Rostering Requirement

We're not looking to make anyone's life burdensome or to impose onerous requirements under our ISI regime. But the regulatory issue here is Can the Insurance Council be in a position to confirm that someone has been properly trained? So we think that the solution is for us to provide clarification in the Regulation as to what we're expecting to fulfill this requirement. Our expectations will be reasonable and not unduly burdensome.

It seems like CAFII and CLHIA have heard slightly different (but related) things, about where they are going. It is worth going back to Scott and confirming the timing and the two phase approach that you previously discussed. You can also confirm to him the importance that CAFII attaches to a harmonized approach, and ask if there are any areas that CAFII had identified as a concern where Manitoba is considering a difference (slight or otherwise) from the harmonized approach (really Saskatchewan)

Moira Gill | Government and Industry Relations | **TD Insurance**

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From: Brendan Wycks [<mailto:brendan.wycks@cafii.com>]

Sent: Thursday, November 07, 2013 9:52 AM

To: Gill, Moira

Cc: 'Jennifer Hines'; 'Sara Gelgor'

Subject: RE: Draft CAFII Meeting Request Letter to Manitoba Minister of Finance

Thanks, Moira, for this excellent advice re re-focusing the letter and our approach to seeking a meeting with the Finance Minister in Manitoba. You've even provided a nice agenda outline and many of our talking points for when we do have that meeting.

One quick follow-up question for you re my call to Scott Moore to confirm that they're considering "some departures from a harmonized approach." In a recent meeting, I believe that you mentioned that the main area of departure was around education requirements, which I took to mean mandatory continuing education requirements for sellers of insurance who work for corporate ISI licensees. Is that correct?

When Scott Moore called me on October 2 with an update, he didn't mention this topic at all. So you must have learned about it through a direct conversation with Scott or Jim Scalena? Can you elaborate a bit and fill in the gaps for me about this before I give Scott a call?

Brendan Wycks, BA, MBA, CAE

Executive Director

Canadian Association of Financial Institutions in Insurance

From: Gill, Moira [<mailto:moira.gill@td.com>]

Sent: November-06-13 3:07 PM

To: Brendan Wycks

Cc: Jennifer Hines; Sara Gelgor

Subject: RE: Draft CAFII Meeting Request Letter to Manitoba Minister of Finance

Hi Brendan,

First of all I'd touch base with Scott Moore again, confirm that they are still considering some departures from a harmonized approach, and mention that since CAFII hasn't met at the minister level in some time are considering a meeting in the near future, and this would be one of the items on the agenda.

The letter then, would then be more broadly focused. We would ask for a meeting with the Minister to talk about the key aims that CAFII is pursuing - improving access for the underserved market with simple products which are broadly available through a variety of access points. Add in a couple of stats about the underserved market and how CAFII members are meeting that need, our focus on consumer protection, and the difference we make in people's lives.

In order to achieve all this we need an efficient effective regulatory system harmonized across the country. This would be the focus of the meeting. We can touch on some of the progress that has been made in individual licensing, interprovincial trade agreement, the updated insurance act which is harmonized with the other western provinces, the importance of Manitoba participation in CISRO and CCIR. We'd be interested in learning if there are additional interprovincial discussion or plans within Alberta which could contribute to this goal, and if there are areas where CAFII could be of assistance. Then the last point is that we have been working with the council and super on the corporate licensing regime for creditor insurance, and sharing our experiences with the Alberta and Saskatchewan regimes. Despite these discussions there remain some areas where proposals are outliers from the other western provinces. We like to share our concerns and address the consequences of differing requirements across western markets.

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From: Brendan Wycks [<mailto:brendan.wycks@cafii.com>]

Sent: Wednesday, November 06, 2013 11:58 AM

To: Gill, Moira

Cc: Nasturas, Mona; 'Hines, Jennifer'; 'Leya Duigu'; sara.gelgor@scotiabank.com

Subject: FW: Draft CAFII Meeting Request Letter to Manitoba Minister of Finance

Just a quick follow-up note to see if you've had a chance to review the attached draft letter?

Brendan Wycks, BA, MBA, CAE

Executive Director

Canadian Association of Financial Institutions in Insurance

From: Brendan Wycks [<mailto:brendan.wycks@cafii.com>]
Sent: November-01-13 5:19 PM
To: Gill Moira (moira.gill@td.com)
Cc: 'Hines, Jennifer' (jennifer.hines@rbc.com); sara.gelgor@scotiabank.com; 'Leya Duigu'
Subject: Draft CAFII Meeting Request Letter to Manitoba Minister of Finance

Moira:

Please find attached a draft letter to Manitoba Finance Minister Stan Struthers for your consideration, to address this Action Item from the October 8 Board meeting:

Manitoba: *M. Gill provided an update on the draft ISI regulation, noting a troubling new direction with respect to requirements around education. The Board was supportive of her recommendation that this issue be raised at the political level via an in-person meeting with the relevant Minister, of which the regulators would also be notified. Harmonizing with other jurisdictions such as Alberta is the key message that we want to deliver.*

Action: *A meeting with the Minister in Manitoba to be requested to discuss matters related to the draft ISI regulation and harmonization. Volunteer leader attendees could include both Board and EOC members.*

In the draft letter, I've set it up as coming from you, as LEIC Chair. But given that the letter is to a Minister of Manitoba government, for "title optics", I would recommend that we send the letter under Mark's signature as Board Chair or perhaps under my own as Executive Director.

Once I receive your feedback, I will adjust the signatory, if you concur, as part of the edits/refinements. And then, I'll run the letter by Mark for approval if it's going out under his signature.

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