

Mr. Éric Jacob, Chair
Canadian Insurance Services Regulatory Organisations
c/o CISRO Secretariat
25 Sheppard Avenue West, Suite 100
Toronto, Ontario M2N 6S6
E-mail: cisro-ocra@fsrao.ca

Re: CAFII Feedback on Consultation Draft of CISRO 2023-2026 Strategic Plan

Dear Mr. Jacob:

The Canadian Association of Financial Institutions in Insurance thanks the Canadian Insurance Services Regulatory Organisations for inviting our Association to provide feedback on its *Consultation Draft of CISRO Strategic Plan, 2023-2026*.

Our Association and its members regard CISRO as a critically important national co-ordinating body which plays a vital role in our industry sector, the life and health insurance sector. As well, we firmly believe that regular, transparent, candid communication between insurance regulators/policy-makers and industry stakeholders leads to better Fair Treatment of Customers (FTC) outcomes, better compliance with related regulatory expectations, and enhanced industry efficiency and effectiveness.

We are largely supportive of CISRO's proposed Mandate, Vision, and Mission; and of the resulting strategic priorities set out in the *Draft Strategic Plan, 2023-2026*. That said, we do have some constructive feedback to offer, which we have organized below in accordance with the document's sections.

Mandate, Vision, and Mission

CAFII recommends that CISRO give consideration as to whether its proposed Mandate, Vision, and Mission statements might be positioned at somewhat too high a level, given that none of the words "licensing/registration" or "licensing/registration standards" are mentioned in any of the three statements. After all, the "Our History" introduction to the *Draft Strategic Plan* emphasizes that "CISRO was established as a forum for information-sharing and collaboration among regulators with responsibility for the registration or licensing and regulatory supervision of insurance intermediaries" and, in CAFII's view, that shared focus on licensing/registration standards which initially brought the founding members of CISRO together in common cause should be reflected in CISRO's Mandate, Vision, or Mission Statements.

Priorities

With respect to the inter-related Priorities of "Promote Consumer Protection Through Harmonized Approaches To The Regulation Of Insurance Intermediaries" and "Enhance Effectiveness Of CISRO As A Forum For Information-Sharing And Regulatory Collaboration", CAFII congratulates CISRO for identifying those two priorities as areas of strong, strategic focus and a commensurate allocation of resources over the next three years.

Our strong support for the inclusion of those two inter-related priorities is rooted in our view that a lot of work remains to be done for CISRO to live up to its full potential with respect to “Harmonized Approaches.” Harmonization, from CAFII’s perspective, does not mean that a jurisdiction contemplating licensure regime change will review the definitions, rules, and requirements deployed in other, predecessor jurisdictions, and then try to align itself overall, more or less, with what came before. Rather, harmonization – in order to achieve clarity/lack of ambiguity, consistent consumer protection objectives, and to foster opportunities for industry efficiencies and effectiveness – means that a common set of RIA/RIR licensing definitions, rules, and requirements should be established.

We cite as an example the four Restricted Insurance Agent licensing regimes that now exist across the country: Alberta (established 2000), Saskatchewan (established 2010), Manitoba (established 2015), and New Brunswick (established 2023).

All four of those RIA/RIR regimes are aligned in terms of objectives, but they all differ in aspects that are typically of a minor nature; but in some instances the differences constitute more substantive, unique positioning. In an ideal world, CISRO would have been able to play a real-time and impactful harmonization role by facilitating a process through which each successive RIA/RIR regime would have been able to harmonize more fully with its predecessors. In CAFII’s view, this is a role and goal which CISRO should strive for, as it would facilitate the exact same consumer protections that each successive RIA/RIR regime province has sought, while at the same time largely eliminating the melange of unique definitions, rules, and requirements among the provincial/territorial licensing authorities.

Alternatively, but in the same vein, CISRO would, at this point in time, be ideally placed as a national co-ordinating body to engage in an exercise of identifying a common set of RIA/RIR licensing definitions, rules, and requirements – building upon the existing requirements in the four provinces with such a regime – which could then be put forward as a model for Alberta, Saskatchewan, Manitoba, New Brunswick, and any future RIA/RIR provinces/territories to adopt.

CISRO’s pursuit of either of the two RIA/RIR ‘harmonization approaches’ recommended above would not compromise provincial/territorial autonomy, as each jurisdiction would still have its own licensing authority, its own governance model, and its own priorities and supervisory plans around audits, monitoring, communication, and enforcement. But each provincial/territorial authority would be operating under the same set of definitions, rules, and regulatory requirements, allowing industry players to focus on meeting the harmonized, common expectations rather than having to engage in the significant “exception management” exercise of allocating resources to understanding, and complying with, subtle differences among jurisdictions.

What the CAFII recommendation above boils down to is our strong encouragement to CISRO to assume a heightened “Harmonized Approaches and Accountability” role, with the emphasis on accountability being that CISRO members should be accountable to each other, around the national co-ordinating body table, for prioritizing and achieving Harmonized Approaches; and we therefore recommend that this aspirational growth dimension be reflected in CISRO’s new Strategic Plan.

To return to the RIA/RIR regimes example, with a more focused “Harmonized Approaches and Accountability” lens: if one of the existing RIA/RIR regimes is clearly better than the others, CISRO would clearly be the ideal forum for conducting a comparative analysis; and, if a case can be made for the superiority of one such regime, the other regimes should be willing to align with the best approach at their first available legislative/regulatory amendment opportunity.

As a concluding point on this CAFII recommendation matter, given the inter-related nature and joint importance of the “Promote Consumer Protection Through Harmonized Approaches To The Regulation Of Insurance Intermediaries” and the “Enhance Effectiveness Of CISRO As A Forum For Information-Sharing And Regulatory Collaboration” Priorities, CAFII recommends that they be placed in succession, one after the other, in the Draft Strategic Plan, 2023-2026.

With respect to the currently second-positioned Priority of “Strengthen Regulatory Outcomes Through Collaboration And Stakeholder Engagement,” CAFII fully supports that Priority, given its obvious importance to CISRO’s successfully carrying out its Mandate and to achieving its Vision and Mission, but we encourage CISRO to consider some minor wording modifications to the Priority, in order to make it clear that

- CISRO encourages stakeholders to engage with it, reciprocally, so that there is a two-way flow of communication; and
- CISRO will accept invitations from industry stakeholders to engage with them in mutually desirable information-sharing and communication opportunities such as industry Association webinars, conferences, etc.

Standing Committees

CAFII encourages CISRO to consider the establishment of a new, dedicated Standing Committee to deal with its stated desire to “explore the use of and possible enhancements to the Canadian Insurance Regulators Disciplinary Actions (CIRDA) database” (touched upon in the Operational Plan 2023-24 implementation note re the “Enhance Effectiveness Of CISRO As A Forum For Information-Sharing And Regulatory Collaboration”). Our Association regards a strengthening of the CIRDA database as a vitally important priority for CISRO to pursue, one which can deliver benefits for both regulators and regulated entities alike.

Operational Plan 2023-24

CAFII agrees with and supports the general tenor of CISRO’s 2023-24 first year Operational Plan to implement its new 2023-2026 Strategic Plan. That said, we ask that CISRO give serious consideration to augmenting the 2023-24 Operational Plan in order to reflect the feedback we have provided above with respect to the Strategic Plan’s three Priorities, in particular our recommendation for a heightened CISRO focus on the inextricably linked elements of “Harmonized Approaches and Accountability.”

Conclusion

We thank CISRO again for the invitation to provide input and feedback on the ***Consultation Draft of CISRO 2023-2026 Strategic Plan***. Should you require further information from CAFII or wish to meet with representatives from our Association on this or any other matter at any time, please contact Keith Martin, CAFII Co-Executive Director, at keith.martin@cafii.com or 647.460.7725.

Sincerely,



Rob Dobbins
Board Secretary and Chair, Executive Operations Committee

About CAFII

CAFII is a not-for-profit industry Association dedicated to the development of an open and flexible insurance marketplace. Our Association was established in 1997 to create a voice for financial institutions involved in selling insurance through a variety of distribution channels. Our 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. Our members offer credit protection, travel, life, health, and property and casualty insurance across Canada. In particular, credit protection insurance and travel insurance are the product lines of primary focus for CAFII as our members' common ground.

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

CAFII's members include the insurance arms of Canada's major financial institutions – BMO Insurance; CIBC Insurance; Desjardins Insurance; National Bank Insurance; RBC Insurance; Scotia Insurance; and TD Insurance – along with major industry players Assurant; Canada Life Assurance; Canadian Tire Bank; Chubb Life Insurance Company of Canada; CUMIS Services Incorporated; Manulife (The Manufacturers Life Insurance Company); Securian Canada; and Valeyo.