

NEWSLETTER PHASE	STARTING	ENDING	NEWSLETTER PHASE	STARTING	ENDING
News & Media posts – Mar	3.12.2015	3.13.2015	News & Media postings – Sep	9.17.2015	9.21.2015
Reg. Issues & Perspectives – Mar	3.16.2015	3.19.2015	Reg. Issues & Perspectives – Sep	9.17.2015	9.23.2015
News & Media postings – Apr	4.23.2015	4.27.2015	News & Media postings – Oct	10.22.2015	10.26.2015
News & Media postings – May	5.21.2015	5.25.2015	News & Media postings – Nov	11.12.2015	11.16.2015
Reg. Issues & Perspectives – May	5.21.2015	5.27.2015	Reg. Issues & Perspectives – Nov	11.12.2015	11.18.2015
News & Media postings – Jun	6.18.2015	6.22.2015	News & Media postings – Jan/16	1.7.2016	1.11.2016
Reg. Issues & Perspectives – Jul	7.13.2015	7.16.2015	Reg. Issues & Perspectives – Jan/16	1.7.2016	1.13.2016

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*\*EOC meetings represented by green shading*

## News & Media

Method: Stories posted online in News & Media section

Frequency: Same as Regulatory Update or monthly

Distribution List: Public online. *Possible future addition - RRS Feed*

## Regulatory Issues & Perspectives

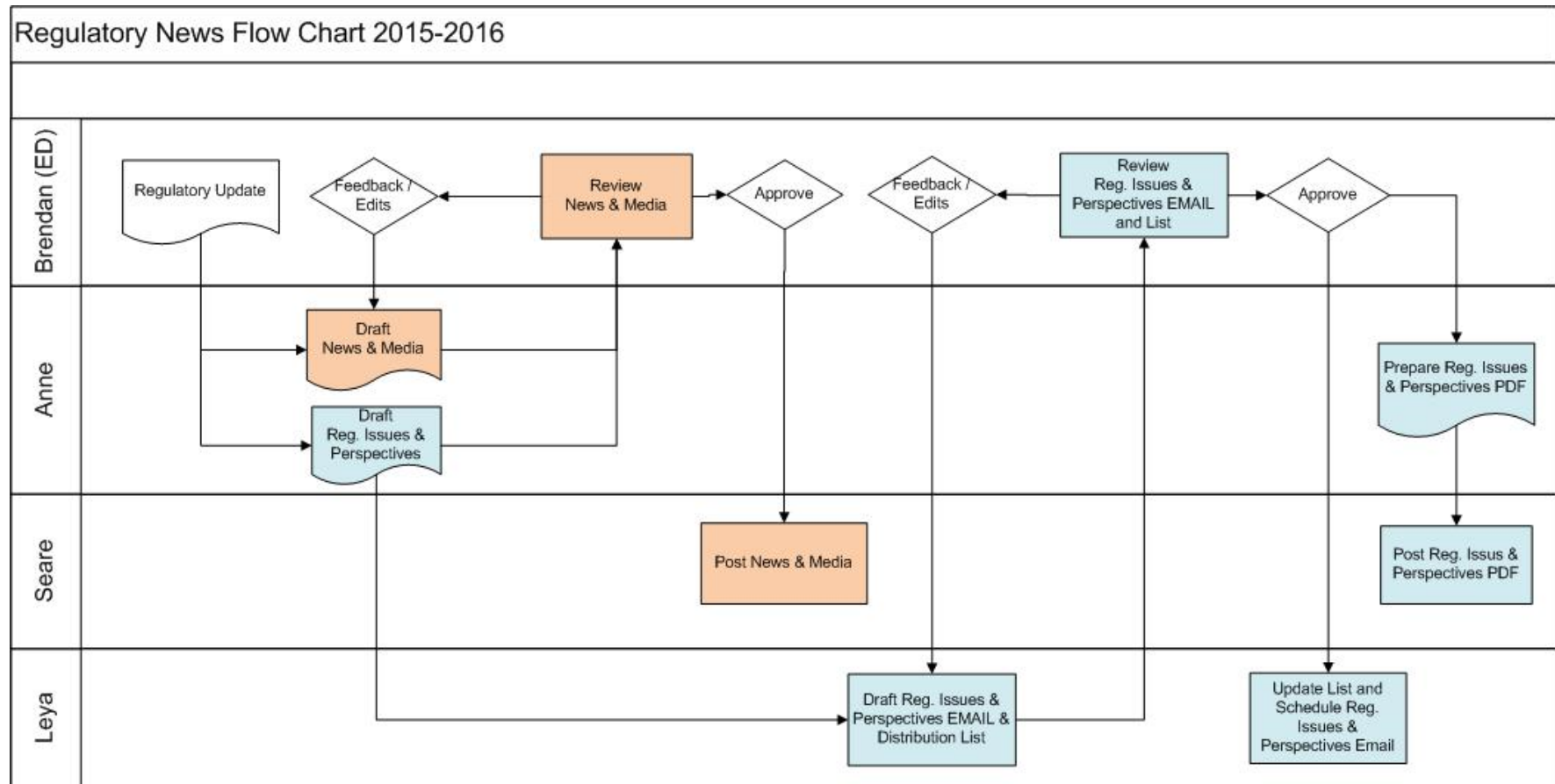
Method:

1. Email to stakeholders
2. PDF posted online within 1 week of email distribution

Frequency: Bi-monthly or every 2 months on Wednesday's

Distribution list:

1. Regulators and policy-makers across Canada
2. CAFII Board, EOC, Committee Members and anyone from a member co.
3. Associates



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## National

### *CISRO- New Life License Qualification Program under Development*

A new Life License Qualification Program (LLQP) is being developed by insurance regulators through the Canadian Insurance Services Regulatory Organizations (CISRO) and is scheduled for implementation in January 2016. The new LLQP will be a common standard for use by all provinces for entry-level training of new life insurance agents and will replace the two programs currently in use – the existing LLQP and the Quebec program. The new program will focus on preparation for four exam modules: life insurance, accident & sickness insurance, segregated funds and annuities, and ethics. There will be a mandatory pre-exam course and open book exams for each of the four modules. Candidates may write the exams for all four modules on one day, if they wish to do so, or space them out over two to four sittings. The course materials are expected to be distributed in the first quarter of 2015. Information sessions are being held for agents, companies and course providers.

### *FCAC – National Strategy for Financial Literacy Update*

The Financial Consumer Agency of Canada (FCAC) is working with stakeholders to develop a National Strategy for Financial Literacy that takes into consideration ways to meet the needs of Canadians at different stages of their lives. In November, the FCAC issued a consultation paper entitled *Toward a National Strategy for Financial Literacy, Phase 3: Young Canadians and Adults*. This follows from two previous consultations held earlier in 2014- *Toward a National Strategy for Financial Literacy, Phase 1: Strengthening Seniors' Financial Literacy*; and *"Toward a National Strategy for Financial Literacy, Phase 2: Priority Groups"* looking specifically at Aboriginal peoples, newcomers to Canada, persons with disabilities and Canadians with low incomes. The full National Strategy for Financial Literacy will be released in 2015.

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- CISRO- New Life License Qualification Program
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- Saskatchewan-New Insurance Legislation
- Manitoba -Restricted Licenses Coming into Effect
- Manitoba Insurance Council Establishes Incidental Sellers of Insurance (ISI) Sub-Committee
- FSCO To Undergo Mandate Review In Early 2015
- CCIR Issues Call for Public Input on Travel Insurance

### ***FCAC- Stakeholder Engagement and Consultation Framework for Compliance and Enforcement Issues***

On February 6, 2015, the FCAC sought input from stakeholders on Stakeholder Engagement and Consultation Framework for Compliance and Enforcement Issues. One of the FCAC's key strategic priorities for 2014-19 is to "strengthen collaboration and engagement with stakeholders." In order to be proactive and transparent, the Agency has proposed a framework that its Compliance and Enforcement Branch will follow to engage stakeholders and strengthen and formalize its consultation process. Comments were due by March 6, 2015.

### **British Columbia**

#### ***10-Year Review of BC Financial Institutions Act***

According to section 109 of the *Financial Institutions Act*, the government must review the Act every 10 years to determine what changes, if any, should be made. Industry is expecting a discussion paper in the near future which will launch the formal consultation phase of the review.

#### ***BC Insurance Council - Conflict Of Interest Guidelines***

The Insurance Council of BC has developed new Conflict of Interest Guidelines for Insurance and added them to its code of conduct. One key area of the Conflict of Interest Guidelines is "Other Employment or Business Activities Held by Licensees." The Council has published a list of Business Activities that give rise to potential conflicts of interest and how it has decided to address each situation. The list will be updated as new decisions on Business Activities are made.

### **Saskatchewan**

#### ***New Insurance Legislation Introduced***

Bill 177, *The Insurance Act*, was introduced in the Saskatchewan legislature in December 2014. When passed, the Act will replace the current *Saskatchewan Insurance Act*. The province notes that the new Act is intended to update and modernize insurance legislation and strengthen consumer protection. It is the first major revision to Saskatchewan insurance legislation in five decades. The Act is modelled after Alberta's legislation which is similar to British Columbia's insurance legislation.

Saskatchewan notes the following proposed changes:

- Better protection for consumers through market conduct standards, which identify unfair practices;
- Streamlining the appeal process;
- Restructuring the Saskatchewan Insurance Councils and allowing them to conduct audits and investigations;
- Requiring insurance companies to recommend and screen those applying to be intermediaries as well as supervise them once approved;
- Updating licensing categories and requirements including licensing employees that sell insurance as insurer's representatives, which requires the same level of training as insurance agents. (This includes requiring managing general agents to be licensed);
- Permitting insurance agents to adjust insurance claims up to a prescribed amount; and
- Requiring insurers to point to specific clauses in a policy where there are limits on the amount payable.

Insurance companies will be required to complete an insurance compliance self-evaluative audit at the request of the Superintendent. Electronic communication is permitted with the exception of policy cancellations and changes to beneficiaries. Group insureds will be allowed to see relevant sections of the policy of group insurance. Regulations pursuant to the *Insurance Act* have not yet been drafted.

## Manitoba

### ***Restricted Licenses Coming into Effect June 1, 2015***

The requirement for a restricted license for incidental sellers of insurance will come into effect on June 1, 2015. Incidental sellers of insurance (ISI) include deposit-taking institutions, travel agencies, automobile dealers, sales finance companies, mortgage brokers and funeral homes. The Insurance Council of Manitoba has published two new documents on its website related to the province's new RIA/ISI licensing regime:

- a license application form for "Restricted Insurance Agent (RIA) Employees of Other Entities": and
- an FAQs document re "Incidental Sale of Insurance" which contains answers to 20 questions related to the RIA regime.

Applications for restricted licenses were permitted effective February 1, 2015, but must be received before April 30, 2015 to ensure licenses are issued in time for the June 1 start date. The notice can be found on the Manitoba Insurance Council website at

[http://www.icm.mb.ca/files/Bulletin/Incidental Sale of Insurance - Restricted Insurance Agents.pdf](http://www.icm.mb.ca/files/Bulletin/Incidental_Sale_of_Insurance_-_Restricted_Insurance_Agents.pdf)

### ***Insurance Council Establishes Incidental Sellers of Insurance (ISI) Sub-Committee***

In a notice published on its web site in December 2014, the Insurance Council of Manitoba announced that it has established an ISI Sub-Committee, comprised of five Council members, to oversee regulatory matters relating to ISI. The

Committee invited representatives from organizations that market incidental insurance products to participate and provide input to the Committee on an "as needed" basis.

Participation is voluntary and any expenses incurred would be the responsibility of the incidental seller of insurance or related organization. Nominations closed on February 13, 2015.

### ***Staff Changes in Manitoba Financial Institutions Regulation Branch***

Superintendent of Insurance Jim Scalena retired in December 2014. No replacement has been announced. Scott Moore continues as Deputy Superintendent of Insurance.

## Ontario

### ***Staff Changes at Financial Services Commission of Ontario (FSCO)***

On October 17, 2014, Phillip Howell retired as Head of FSCO. Brian Mills has been appointed as CEO and Superintendent of Financial Services on an interim basis. Mr. Mills was previously Deputy Superintendent, Pensions. Mr. Mills has been at FSCO for 6 years.

On October 18, 2014, Anatol Monid was appointed Interim Executive Director, Licensing and Market Conduct Division following the retirement of Grant Swanson from that role. In 2004, Anatol joined FSCO as Director of the Market Regulation Branch within the Licensing and Market Conduct Division. He worked previously at the Office of the Superintendent of Financial Institutions and for a number of insurance companies.

### ***Credit Unions and Caisses Populaires Act (CUCPA) 5 year Review***

In the fall of 2014, Ontario began a review of the Credit Unions and Caisses Populaires Act, 1994. The review, which takes place every five years, includes consultations and input from the public on ways to strengthen the regulatory framework, protect consumers and enable credit unions and caisses populaires to continue to meet the needs of their members. The Consultation paper can be found at

<http://www.fin.gov.on.ca/en/consultations/cu-cp/cu-cp-5year.html>

All submissions are public and will be made available on the Ontario Finance website. Submissions were due by February 5, 2015.

### ***New Legislation Modernizing the Disciplinary Process for Insurance Agents***

In November, Ontario passed Bill 15, *the Fighting Fraud and Reducing Automobile Insurance Rates Act*, 2014. The Bill amended sections of the *Insurance Act* to improve the agent disciplinary process. The changes streamline the disciplinary process and improve consumer protection by ensuring that agents who contravene the *Insurance Act* will be dealt with in an expeditious manner. They also reinforce the positive image and professionalism of insurance agents. The changes came into force on January 1, 2015.

### ***FSCO to Undergo Mandate Review In Early 2015***

Charles Sousa, Minister of Finance, has announced a review of the mandates of FSCO and the Deposit Insurance Corporation of Ontario (DICO) during the first half of 2015. The mandate review will include broad industry consultations. In addition, a consultation paper will be posted online and the public will be invited to comment on the issues being examined. To assist in the review, the government has appointed the following three-member expert panel:

- George Cooke - former president and CEO of The Dominion of Canada General Insurance Company, and current chair of the board of directors of OMERS Administration Corp.
- James Daw - former Toronto Star personal finance columnist who has written extensively about all facets of Ontario's financial system.
- Larry Ritchie - Osler, Hoskin & Harcourt LLP partner and former vice-chair of the Ontario Securities Commission.

Notice of the review can be found at

<http://news.ontario.ca/mof/en/2015/03/ontario-to-review-key-financial-regulatory-agencies.html>

## **Nova Scotia**

### ***Direct Sellers Regulatory Amendments Consultation Document***

In November 2014, Service Nova Scotia issued a consultation document seeking input on regulations under the amended Direct Sellers' Regulation Act (DSRA). The DSRA has been in place since 1975. Amendments to the DSRA, made in 2014, updated and clarified the definition of direct selling.

The DSRA will now apply to most situations where a contract is signed in a person's home. Salesperson permits are being eliminated for most direct sellers. The changes will remove some exemptions from the DSRA, and place more exemptions in the regulations.



One proposed new regulation provides that the DSRA does not apply, amongst other exemptions, to:

- “A person carrying on the business he or she is authorized to perform under the Cemetery and Funeral Services Act, Insurance Act, Legal Professions Act, Mortgage Brokers and Lenders Act, Motor Vehicle Act, Real Estate Trading Act, or Securities Act”.
- “Sales of goods or services by a bank, trust company, or credit union, except in cases of lending products used to finance the direct sale of goods or services.”

Service Nova Scotia is also proposing to exempt telemarketers from the permit requirement when they are offering goods or one-time services and there is no other contact with a consumer. The consumer’s ‘cooling-off’ cancellation rights would continue to apply.

## Canadian Council of Insurance Regulators (CCIR)

### *New Working Groups Formed To Implement 2014-17 CCIR Strategic Plan*

The CCIR approved its new strategic plan at its October 2014 meeting in Fredericton. The strategic plan includes new initiatives related to:

- **Travel Insurance**  
Review of the industry including the activities of call center support providers, policy wording and pre-existing condition exclusions, and adequacy of information being provided to consumers in both on-line sales and in-person sales.
- **Electronic Commerce**  
Review and address issues arising from evolving use of technology e.g. electronic pink cards for auto, telematics, claims handling, underwriting, data collection.

- **Financial Literacy**  
Consider messages and delivery methods to help consumers make informed insurance choices.
- **Segregated Funds**  
Review the regulatory landscape and assess potential regulatory arbitrage.
- **Longevity Risk Transfer Markets**  
Work with pension regulators, policy makers and pension and insurance stakeholders to develop a common understanding of longevity risk transfer markets in Canada.
- **Property Insurance**  
Review property insurance policy wording and disclosure issues relating to natural disaster coverage.

CCIR has established working groups for travel insurance, segregated funds, property insurance, and electronic commerce.

### *CCIR Issues Call for Public Input on Travel Insurance*

In February, the CCIR issued a news release inviting input from the public on travel insurance. The travel insurance working group is comprised of members from every province and territory in Canada. The new group intends to work with the Canadian Insurance Services Regulatory Organizations (CISRO) and with the insurance industry on the travel insurance issue. The working group expects to release its first report in the fall of 2015.

### ***IAIS Core Principles Implementation Update***

At CCIR's October 2014 Fall Meeting, the Council's IAIS Insurance Core Principles Implementation Committee (ICPIC) presented a workplan for a new Co-operative Market Conduct Supervisory Framework. The purpose of the framework is to assist CCIR member jurisdictions in improving their compliance with the International Association of Insurance Supervisors' (IAIS) Insurance Core Principles (ICPs). ICPIC was also charged with operationalizing CCIR's "Keeping Regulators Informed" initiative - part of the market intelligence gathering work that will be necessary to support the new framework.

### ***CCIR 2015 Meetings Schedule***

Spring Meeting on March 26 and 27 in Toronto;  
and Fall Meeting on October 1 and 2 in  
Newfoundland.