

CAFII Regulator Visit Report
Confidential: Not For Distribution

Regulator: Alberta Insurance Council
Date: May 7, 2013
Location: Hawksworth Restaurant, Hotel Georgia
Vancouver

Attendees:

CAFII: Sara Gelgor (ScotiaLife Financial and EOC Member); Moira Gill (TD Insurance and EOC Member); John Lewsen (BMO Insurance and EOC Member); Rose Beckford (ScotiaLife Financial and EOC Member); Tamara VanMeggelen (RBC Insurance)

Alberta Insurance Council: Joanne Abram, CEO; and Ron Gilbertson, Chair

Note: Ron Gilbertson was appointed Chair of the AIC in October 2012, for a three year term to 2015. Bio profile appended.

Objective: Obtain update on Council priorities; and maintain relationship.

Discussion:

When Asked For A Key Area Of Concern, They Volunteered Travel Insurance

- recent press regarding difficulties consumers encounter in getting a claim paid.

-AIC understands that large financial institutions will go out of their way to pay a claim because of reputation risk.

-there is concern around questions which are either (i) too technical for the layperson to answer; or (ii) at the other end, too broad such that really everyone needs to answer yes.

-concern with timing of the purchase and the person's lack of focus on what he/she is being covered for

-volunteered that the Alberta Superintendent has the power to prescribe forms; and could prescribe a travel insurance application if they feel the current problem is severe enough. However, the more likely course of action is that the Superintendent would provide guidelines on the health-related questions.

-insurers cannot always hold customers accountable for understanding what they are purchasing. Financial literacy and clear language are opportunities for the industry.

-More training is required so that representatives ask the right questions. The "one size fits all" approach does not work for some products. (Remember the experience that was presented of the home insurance representative not asking the right questions. As a result, the customer would have been underinsured.)

-they suggested that there was some overlap here with the medical questions on creditor insurance applications, which have similar issues.

-they identified internet sales as an area of concern, and how can consumers be protected from buying products they don't understand

-Ron Gilbertson expressed concerns about the lack of advisor advice related to the sale of incidental insurance sales. (It appears that he is quickly absorbing advisor prejudices against dis-intermediated direct channels that CAFII members do business in predominantly.)

-in terms of complaints, they have seen a spike in universal life complaints with complex products that the consumer doesn't understand.

-when asked about commission disclosure/bias, they seemed unconcerned and claimed that all industries have some form of commission bias.

Restricted Insurance License Focus

-not planning a return to the licensee branch compliance audits. Instead, they have several investigators out at least one day a week visiting the offices of the smaller licensees to educate them about their obligations. An issue that has come up is that many travel agents think that their errors and omissions insurance for their main business covers their insurance activities, but it doesn't.

Change To Alberta Insurance Council Mandate

-currently, the Council is focused on protecting consumers through regulation. The Superintendent has directed the Council to review that, and make changes to reflect a broader, more preventative focus.

-Alberta is aiming to look to the future and develop a reputation as the most effective, efficient and flexible regulator.

-they want to hear from us as to what is coming up and where we need changes to accommodate changes to our model.

Follow-up:

- Thank you letter from ?
- Provide information on ?
- ?

Bio Profile of Ron Gilbertson , Chair, Alberta Insurance Council



Appointed to this role by provincial government in October 2012, for a three year term expiring October 2015

Ron Gilbertson is now semi-retired. His most recent position was the President and CEO of Edmonton Economic Development Corporation, a not-for-profit company owned by the City of Edmonton that is responsible for regional economic development and tourism marketing, and management of the Shaw Conference Centre and Edmonton Research Park.

Previous to this, he was with the Alberta Research Council (ARC) where, as Vice President, he was responsible for restructuring the technology commercialization division and investment fund, and for implementing a growth plan for the Engineered Products and Services division.

Prior to joining the ARC, Ron was President of Lacent Technologies where he helped transform the start-up company into a world leader in high speed laser cutting. He has also served as President of the Edmonton Regional Airports Authority, leading the organization through its formative years and establishing Canada's first independent airports authority.

Earlier in his career as a senior manager at Stanley Associate Engineering, Ron helped build one of Western Canada's largest economics consulting practices and Canada's second largest airports and aviation consulting group. He is an honours graduate of the University of Saskatchewan's Bachelor of Commerce program and carries a Master of Arts in Economics from the University of Manitoba.

Ron has served on the Board of Directors for the Sawridge Group of Companies, Lacent Technologies Inc., Agrigenomics Inc. and Inno-Centre Alberta Inc. A dedicated community supporter, he has also contributed volunteer time to a variety of organizations including the United Way, Edmonton Chamber of Commerce, the World University Student Games, local community leagues and the Edmonton Society for the Hearing Impaired.