

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

Sent: September-05-13 10:09 AM

To: 'Grant, Greg'

Cc: 'Manson, Sue'; 'moira.gill@td.com'; 'Lewsen, John'; 'Hines, Jennifer'; 'sara.gelgor@scotiabank.com'; 'Leya Duigu'

Subject: RE: New Brunswick Launches Consultation on "Opportunities for Reforming the New Brunswick Licensing Framework for Other-than-Life Insurance Agents and Brokers"

Hi, Greg.

Yes, actually I do have some insight on that question.

Towards the end of my phone conversation with David Weir yesterday – which was mainly to find out which of the proposed changes could have a spillover impact upon life agents, as the Insurance Division sees things unfolding in New Brunswick – I asked him this: “With respect to Issue 10 – Partnership or Corporate Licence, is part of the motivation for the proposed change there an intention to move towards a Restricted ISI Licence regime akin to what exists in Alberta and Saskatchewan?”

David’s reply was “No, we really aren’t contemplating a Restricted Licence approach at this time. This change is one that definitely relates mainly, but not exclusively, to the Other-than-Life side. The Partnership or Corporate Licence change is really just intended to put flesh on the bones, and give us the regulatory means to issue a corporate licence, which the Insurance Act allows but regulations have never been put into effect yet to make it actionable. One of the things that’s behind this is that the Act says that you can only pay a commission from an insurance sale to a licenced entity. And some stakeholders have been telling us that we need to make this change because they want to be able to have commissions paid into a corporation or a partnership, rather than only having the option of having them paid to an individual licensee.”

David gave me the sense that Issue 10 is a change being proposed in response to petitioning/lobbying from certain stakeholders, but one which they realize is overdue and don’t have a problem with because it would bring the province into harmony with what is permitted in other jurisdictions.

He also stressed that even with regulatory changes that would facilitate the issuance of licences to partnerships and corporations, individuals would still be required to obtain individual licences. He highlighted that as evidence that they are not contemplating a Restricted Licence regime.

Brendan Wycks, BA, MBA, CAE

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From: Grant, Greg [<mailto:Greg.Grant@cibc.com>]
Sent: September-05-13 9:31 AM
To: 'Brendan Wycks'
Cc: Manson, Sue; moira.gill@td.com; Lewsen, John; Hines, Jennifer; sara.gelgor@scotiabank.com
Subject: RE: New Brunswick Launches Consultation on "Opportunities for Reforming the New Brunswick Licensing Framework for Other-than-Life Insurance Agents and Brokers"

Brendan,

I had a look through the document yesterday and the general approach seems to be "modernization/harmonization". The part that I'm not clear on is the implication of the title "Other-than-Life Insurance Agents and Brokers". It made me think they were considering a Restricted Licensing Regime but I saw nothing explicit on that in the paper except perhaps Issue 10 – Partnership or Corporate Licence. I wouldn't want to bring the issue up but it would be good to know if they are heading in this direction.

Do you have any insight into this?

Greg Grant
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647-464-5581 (mobile)

From: Brendan Wycks [<mailto:brendan.wycks@cafii.com>]
Sent: Wednesday, September 04, 2013 1:47 PM
To: Grant, Greg; 'Hines, Jennifer'; 'Yeung, Paul'; john.lewsen@bmo.com; sara.gelgor@scotiabank.com; 'Gill Moira'; cblaquiere@aegonusa.com; 'Brown Emily'; 'André L. Duval'; John.Poolman@assurant.com; 'Maria Sanchez-Chung'; 'Rose Beckford'; Manson, Sue; Fabian, Matthew; eleonore.fang@td.com
Cc: mark.cummings@scotiabank.com; heather.latimer@scotiabank.com; 'Leya Duigu'; Richard Hebert; vivianne.g.maglione@aexp.com
Subject: New Brunswick Launches Consultation on "Opportunities for Reforming the New Brunswick Licensing Framework for Other-than-Life Insurance Agents and Brokers"

EOC Members:

As per David Weir's transmittal message below and the attached document, New Brunswick's Financial and Consumer Services Commission has just released a Discussion Paper, for consultation, titled "Opportunities for Reforming the New Brunswick Licensing Framework for Other-than-Life Insurance Agents and Brokers."

Note that even though this consultation, by title, relates to proposed modernizations and reforms to the province's regulatory framework for Other-than-Life agents and brokers, David Weir, Deputy, Director, Insurance, included CAFII in his distribution of the Discussion Paper. And he says "**although the main focus of the paper is the licensing regime for other-than-life agents and brokers, some of the items discussed also impact other insurance intermediaries. Therefore, we also welcome any feedback from these intermediaries.**"

I have read the Discussion Paper and reviewed Part XV of New Brunswick's Insurance Act and its Life Insurance Agent Regulation, for background. **And I just chatted with David Weir on the phone to get clarification on a few points.**

The reason why David stated that some of the items discussed in the paper also impact other insurance intermediaries is that New Brunswick may well introduce amendments that affect both Other-than-Life agents and brokers and Life agents and brokers simultaneously, particularly for matters where amendments to the Insurance Act will be required, and where it makes sense to do so based upon the feedback they receive from stakeholders.

The Issues where David said that such a kill-two-birds-with-one-stone approach could be used are Licence Renewals; Supervision; Trust Accounts; E&O Insurance; and Duty to Report.

This being the case, and even though the Discussion Paper has an Other-than-Life focus, **it is my recommendation that CAFII should submit a response to the paper by the October 31 deadline.** Raising our profile/status as a stakeholder with the Regulator would be a secondary motivation for and benefit of doing so.

The matters in the Discussion Paper are squarely licensing and related efficiency issues, so I look forward to the LEIC's consideration of this opportunity and to working with them and other EOC members on a response if we decide to move ahead.

From my reading and analysis of the Discussion Paper and my chat with David Weir, here are short summaries of the proposed changes that I believe could have a subsequent spill-over into the life insurance agent regulatory framework:

Issue 4 - Licence Renewals

NB would repeal the requirement that all licence applications and renewals must be sworn under oath. NB is the only Canadian jurisdiction that still has this requirement. The modernization would be to replace sworn oath with a certification as to the truthfulness of information provided. Would remove a barrier to an online licensing system.

Issue 5 - Compliance and Enforcement Matters

NB seems to be following in the footsteps of FSCO in this area, in wanting to clarify and beef up the Superintendent's power to compel the provision of information; impose interim suspensions or restrictions on a licence; and have enforcement powers over individuals who are no longer licenced (surrendered their licence to avoid enforcement action). Also, is looking for input/feedback re having other regulatory sanctions at the Superintendent's disposal, with Administrative Monetary Penalties (AMPs) being one under consideration.

Also, NB seems keen to introduce a "Naming and Shaming" dimension to its enforcement powers. ". . . the Act should be amended to authorize the publication of decisions by the Superintendent to grant or refuse a licence or to revoke or suspend a licence. . . . publication of decisions will help educate other licenced individuals . . . publication would allow insurance regulators in other jurisdictions to be informed of determinations . . ."

Issue 6 -- Trust Accounts

NB Act currently requires **all life** and other-than-life agents and brokers to hold a trust account. In light of modern day marketplace realities, Insurance Division proposes amendment so that the trust account requirements apply only to agents and brokers who receive trust funds. Also considering requiring annual trust reconciliation statements.

Issue 7 -- Errors and Omissions Insurance

NB considering introducing a requirement for licence holders to carry errors and omissions insurance issued by an insurer licenced in NB and a further requirement to hold fidelity insurance issued by a licensed insurer.

Issue 8 -- Duty to Report

Currently, there is no requirement for an NB licence holder to report to the Superintendent when he/she has been subject to disciplinary action by another regulator, has been charged with or convicted of an offence, or has had a civil judgment rendered against him/her, until the individual applies to renew his/her licence (licence period is two years). That said, the NB Adjusters Regulation requires adjusters to report these types of issues within 10 business days. Establishing a similar mandatory self-reporting requirement in the Agents and Brokers Regulation would enhance consumer protection.

Issue 9 -- Lapse in Licence/Reinstatement

NB's Life Insurance Agent Licensing Regulation requires that a life insurance agent who ceases to hold his/her licence for two years must retake the LLQP examination. The Insurance Division believes that to enhance consumer protection, lapsed other-than-life agents and brokers should also be required to re-qualify by taking courses and being under direct supervision.

Issue 10 -- Partnership or Corporate Licence

In NB, regulations have never been created to put into effect the Insurance Act's provisions related to the issuance of agents or brokers licences to a partnership or corporation that is incorporated expressly for the purpose of acting as an insurance agent, broker, adjuster, or damage appraiser. The Insurance Division is considering regulatory amendments to allow for the licensing of partnerships or corporations, subject to provisions in the Act. (The Act says that commissions on an insurance sale can only be paid to a licensed entity. The amendment would make it possible to pay commissions into a corporation.) However, individuals would still be required to obtain individual licences.

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-----Original Message-----

From: Weir, David (FCNB) [<mailto:david.weir@fcnb.ca>]

Sent: August-29-13 8:48 PM

To: amcnair@nbinsurancebrokers.ca; Dean, Amanda; Olmstead, Stephen; fswedlove@clhia.ca; Peter Goldthorpe; 'andre.vincent@assumption.ca'; 'camille.theriault@acadie.com'; 'Janice.Rickard@ugic.nb.ca'; 'jim.wilson@fundymutual.com'; 'john.garwood@stanleymutual.com'; 'Eugene.patterson@carletonmutual.com'; 'Darrel.Coates@SEMUTUAL.NB.CA'; jpaullee@nb.aibn.com; smurray@cadri.com; laura.bedford@rbc.com; pfulton@allstate.ca; Frances.klassen@sunlife.com; Tracy_reitzel@manulife.com; Barb_Wesselius@cooperators.ca; Lynn.McIntyre@ACEGroup.com; Ruth.draper@rsagroup.ca; Erika.Hingar@Primerica.com; Decarie, Catherine; Geordie Lamb; Ted Hellyer; Sandra Parker; ken@ilscorp.com; laucoin@planthope.com; agervis@camic.ca; BMacKenzie@wawanesa.com; lynn.prescott@assistplus.ca; info@cafii.com

Cc: Mazerolle, Angela (FCNB); Finn, Kathryn (FCNB); Robichaud, Michelle (FCNB); Lawlor, Gert (FCNB)

Subject: Discussion Paper/document de discussion

Dear Stakeholder:

Re: Release of Opportunities for Reforming the New Brunswick Licensing Framework for Other-than-Life Insurance Agents and Brokers

The Insurance Division of the Financial and Consumer Services Commission is pleased to announce the release of the discussion paper entitled Opportunities for Reforming the New Brunswick Licensing Framework for Other-than-Life Insurance Agents and Brokers

The Insurance Act ("the Act") requires all individuals carrying on the business of insurance as agents or brokers to be licenced. Part XV of the Act deals with the licensing of agents and brokers and other intermediaries.

The Agents and Brokers Regulation establishes the terms, conditions and qualifications for other-than-life agents and brokers.

The Insurance Division is proposing to update the current licensing regime for other-than-life insurance agents and brokers. As a first step in this review, the Insurance Division has prepared this paper to facilitate dialogue and consultation with stakeholders who wish to provide feedback on reforming the current licensing framework. The main objective of this review is to ensure that the regulatory framework reflects the current insurance marketplace while, most importantly, providing robust protection for consumers.

Although the main focus of the paper is the licensing regime for other-than-life agents and brokers, some of the items discussed also impact other insurance intermediaries. Therefore, we also welcome any feedback from these intermediaries.

The issues paper is available on the Commission's website at www.fcnb.ca/insurance<<http://www.fcnb.ca/insurance>>

Submissions should be made electronically to information@fcnb.ca<<mailto:information@fcnb.ca>>. no later than October 31, 2013.

Alternatively, written submissions may be sent by mail or fax to:

Insurance Division

Financial and Consumer Services Commission P. O. Box 6000 Kings Place

637 - 440 King Street

Fredericton, NB E3B 5H8

Fax: (506) 453-7435

David Weir

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506-453-2512

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Effective 1 July 2013, the Insurance Branch became part of the Financial and Consumer Services Commission. Our website www.fcnb.ca<<http://www.fcnb.ca>> provides more details.