

April 7, 2025

Angela Mazerolle, Vice-President, Regulatory Operations; and Superintendent of Insurance and Pensions, Financial and Consumer Services Commission of New Brunswick (FCNB)  
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Dear Ms. Mazerolle,

On February 29, 2024, CAFII wrote a detailed letter to the FCNB regarding some input we had on the introduction of a new licensing regime (Rule INS-001).

You are currently in a consultation process with industry with respect to amendments being proposed to the Rule. We would like to take this opportunity around these proposed amendments to the Rule to share again the two specific requests we had of FCNB around the modified language for Section 46 and Section 45:

*Remaining Concerns with Section 46*

CAFII has ongoing concerns about the Section 46 requirement in FCNB's Rule INS-001, which states:

*A restricted insurance representative, or an employee of a restricted insurance representative, shall advise potential clients that he or she is not a licensed insurance agent and that the potential client may wish to seek advice from a licensed insurance agent.*

We appreciate that the FCNB has permitted this requirement to be achieved through the fulfillment of materials distributed to customers. However, we wish to point out that changing wording to fulfilment packages is a significant undertaking involving limited resources. This will require significant time to plan and implement. In the event that the FCNB decides to review or amend the Rule, we do request consideration for the introduction of language that includes referencing other sources of information to a consumer, such as financial planners or the insurance company offering the insurance.

*Remaining Concerns with Section 45*

CAFII also has reservations about Section 45:

*If a restricted insurance representative, or an employee of a restricted insurance representative, receives, or will receive any direct or indirect compensation, inducement or benefit from the insurer that exceeds 30% of the price paid by the consumer for an*

*insurance product, the restricted insurance representative shall, at the time the applicant applies for insurance, inform the applicant of the amount of compensation, inducement or benefit or the basis for calculating the amount of the compensation, inducement or benefit.*

Our concern about this clause is that it requires that sensitive and competitive information be released about various insurers. For example, insurers may be offering different commissions to different intermediaries, and by requiring that the actual amount of the incentive be provided to the consumer, these private compensation details will become public. Commissions can vary between providers based on a variety of factors, including their size and the scale of the business they have with the insurer. We do not believe that these are harmful to consumers, nor do we feel that limiting the information provided to consumers regarding commissions above 30% would be detrimental to the protection of consumers. We would recommend that consideration be given to amending this requirement so that the consumer needs to be told when the compensation is 30% or more, without having to divulge the actual amount.

Should you require further information from CAFII or wish to meet with representatives from our Association on this submission or any other matter at any time, please contact Keith Martin, CAFII Executive Director, at [keith.martin@cafii.com](mailto:keith.martin@cafii.com) or 647-460-7725.

Sincerely,



Karyn Kasperski  
Board Secretary and Chair, Executive Operations Committee

### **About CAFII**

CAFII is a not-for-profit industry Association dedicated to developing an open and flexible insurance marketplace. Our Association was established in 1997 to create a voice for financial institutions involved in selling insurance through various 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 choices 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 14 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, The Canada Life Assurance Company, Canadian Tire Bank, Chubb Life Insurance Company of Canada, CUMIS Services Incorporated, Manulife (The Manufacturers Life Insurance Company), and Securian Canada.