

Joint Update Note from CLHIA, CAFII, and THIA on BCFSA's Intention to Require Life and Health "Adjusters" Making Decisions To Be Individually Licensed

Harry James from BCFSA has been in contact with CLHIA, CAFII, and THIA about the intention to publish a regulatory statement that indicates that life and health "adjustors" who make decisions about claims would need to be individually licensed. CLHIA, CAFII, and THIA have all made written submissions to BCFSA suggesting that this is unnecessary as claims determinations for life and health insurance, unlike P&C insurance, are not decisions but rather adjudication of whether a claim meets contractual requirements.

Mr. James has reached out recently to the three Associations requesting an in-person meeting, and CLHIA hosted such a meeting on December 4, 2024 at their downtown Toronto offices. In attendance were Joan Weir and Luke O'Connor (CLHIA); Keith Martin (CAFII); and Michael Camacho (THIA).

Mr. James started the meeting by stating that BCFSA had carefully reviewed the input from industry on this matter and had made the decision to no longer publish the regulatory statement, which he said was in "abeyance."

Mr. James said that BCFSA was still committed to the principle that insurers are responsible for the fair treatment of customers and that the regulator would like to work with the Associations on how to ensure that this principle is applied. He emphasized the concern that claims are outsourced by some insurers to third party administrators (TPAs), and these TPAs are not under regulatory supervision, leading to a concern that fair treatment of customers principles may not be applied. Ultimately, it is hoped that there be a better method of monitoring the fair treatment of customer outcomes between the underwriter and their TPA. Mr. James referred to principle no. 3 - outsourcing of the *Insurer Code of Market Conduct British Columbia*. A copy of the code is included for reference.

We indicated that we felt that our members were fully committed to ensuring that fair treatment of customers is applied including through TPAs, but that we would engage with BCFSA to jointly determine how best to demonstrate this.

Other points made by Harry James:

- Delays in settling a claim can produce financial and emotional hardship for consumers;
- Insurance companies must treat customers fairly through the entire product life cycle;
- The focus on TPAs is around travel insurance and disability insurance as these classes are considered claims where there may be some interpretation;
- Companies outsourcing to TPAs have contractual arrangements and these could be a mechanism over time to ensure that the TPAs better understand their obligation to the fair treatment of customers;
- While BCFSA has "paused" or put in "abeyance" the regulatory statement requirement individual licensing for life and health insurance adjusters, this does not mean that this will not be considered again at a later date. It is hoped that the Associations and the BCFSA can find another solution;
- BCFSA has a new CEO & CSO (Tolga Yalkin) effective January 13, 2025, and his views on this file will need to be determined;

- The Associations encouraged BCFSa to develop some of these principles through CCIR and CISRO, and Harry James said that he agreed in principle but in practice these organizations have resource constraints;
- If BCFSa is reassured that industry understands its concerns around TPAs, the regulator may not feel it is necessary to be “as aggressive” on this issue.