

December 4, 2015

Patrick Déry
Chair, Canadian Council of Insurance Regulators
c/o CCIR Secretariat
5160 Yonge St. Box 85
Toronto, ON M2N 6LN

Re: Harmonized Annual Statement on Market Conduct

Dear Monsieur Déry:

This is in response to your October 26, 2015 letter to Insurance Industry Stakeholders regarding the CCIR's proposed Harmonized Annual Statement on Market Conduct. On behalf of the Canadian Association of Financial Institutions in Insurance (CAFII), I thank you for the opportunity to respond.

CAFII is pleased to see the CCIR take a nationally harmonized approach to collection of information from insurers. As our members reviewed the consultation paper, two main concerns became apparent, namely, the volume and usefulness of the data in achieving the aim of Fair Treatment of Customers (FTC) and the need for confidentiality of some of the information requested.

Volume of data / Usefulness in achieving FTC

The CCIR is no doubt aware that a large volume of data has been requested. Where that data currently exists, it may reside in different systems, across different business lines and will need to be retrieved, verified for accuracy, and collated/formatted for use. In addition, some of the information requested may not currently reside on our systems and will need to be created and/or calculated from scratch. This will take a significant amount of time for insurers, especially the first time through, and we would ask for 18 – 24 months lead time. On an ongoing basis, and assuming no changes to the data are requested, we would require 2-3 months to produce the required reports. (If new or revised data is requested, we would require 12 – 18 months lead time.) It is also worth noting that most of our members have a fiscal year-end of October 31 and it would be useful for the data pull to coincide with that cycle. Of course, it will be costly to provide this data and those costs will ultimately be borne by consumers.

Perhaps more importantly, CAFII's view is that a more effective and useful demonstration of FTC would be the provision to CCIR of information that details existing market conduct practices such as codes of conduct, employee training programs, or complaint handling procedures. This type of information is similar to what is currently provided to other government bodies which also have a consumer protection mandate, e.g. the Financial Consumer Agency of Canada (FCAC). In this regard, CAFII was pleased to read in CCIR's November 2015 "Framework for Cooperative Market Conduct Supervision in Canada" that the National Complaint Reporting System (CRS) will also be used to provide additional data and information regarding consumer complaints.

Confidentiality/Self-evaluative Privilege

Much of the data requested is proprietary in nature and its public release could be harmful to insurers and result in anti-competitive activities. Naturally, this is an area of significant concern for our members. As you are aware, only a minority of provinces have adopted a self-evaluative privilege provision similar to the model endorsed by the CCIR in its May 2008 “Final Report on Privilege Model and Whistle Blower Protection.” We strongly encourage that all jurisdictions adopt a substantially similar self-evaluative privilege protection prior to, or coincident with, the implementation of this initiative.

In line with our concern around confidentiality, CAFII would request that the data be submitted on a secure online platform rather than through submission of files by email.

CAFII applauds the CCIR for taking a nationally harmonized approach to addressing the issue of Fair Treatment of Customers but as described above, we think that there may be more effective ways to address that issue. However, if CCIR decides to continue with a data-driven approach then sufficient time needs to be provided to insurers to produce the information and the data should be subject to enforceable self-evaluative privilege.

Thank you once again for the opportunity to provide comments on this important initiative. Should you require more information from CAFII or wish to meet with our Association at any time, please contact our Executive Director, Brendan Wycks, at brendan.wycks@cafii.com or 647-218-8243.

Sincerely,



Greg Grant, MBA, FLMI, ACS
Board Secretary and Chair, Executive Operations Committee
Canadian Association of Financial Institutions in Insurance

ABOUT CAFII

The Canadian Association of Financial Institutions in Insurance (CAFII) is a not-for-profit industry Association dedicated to the development of an open and flexible insurance marketplace. CAFII was established in 1997 to create a voice for financial institutions involved in selling insurance through a variety of distribution channels. CAFII 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 choice in the purchase of insurance products and services.

CAFII is currently the only Canadian Association with members involved in all major lines of personal insurance. CAFII's full members are the insurance arms of Canada's major financial institutions – BMO Insurance; CIBC Insurance; Desjardins Financial Security; National Bank Insurance; RBC Insurance; Scotiabank Financial; and TD Insurance – along with major industry players American Express, Assurant Solutions, Canadian Premier Life Insurance Company, and The CUMIS Group Ltd.

In addition, CAFII has 10 Associates that support the role of financial institutions in insurance.

CAFII members offer travel, life, health, property and casualty, and creditor's group insurance across Canada. In particular, creditor's group insurance and travel insurance are the product lines of primary focus for the Association as our members' common ground. In addition, we advocate on behalf of alternate distribution of insurance – through channels such as direct mail, contact centres, and the internet including mobile devices -- and in support of regulatory structures that foster an open marketplace where consumers can freely choose how and where to purchase coverage.

CAFII's diverse membership enables our Association to take a broad view of the regulatory regime governing the insurance marketplace. CAFII works with government and regulators (primarily provincial) to develop a legislative and regulatory framework for the insurance sector that helps ensure Canadian consumers get the insurance products that suit their needs. Our aim is to ensure appropriate standards are in place for the distribution and marketing of all insurance products and services.