

9 March, 2018

The Honourable Scott Moe  
Premier of Saskatchewan  
226 Legislative Building  
Regina, Saskatchewan  
CANADA S4S 0B3  
[premier@gov.sk.ca](mailto:premier@gov.sk.ca)

**Re: Clarification Requested Re PST Exemption for Agriculture, Life and Health Insurance Premiums**

Dear Premier Moe:

On behalf of the Canadian Association of Financial Institutions in Insurance (CAFII), I'm writing with respect to your 26 February, 2018 announcement of a provincial sales tax (PST) exemption for agriculture, life and health insurance premiums.

The press release accompanying the announcement states that the exemption includes "individual and group life and health insurance premiums. Health includes disability, accident and sickness insurance." However, the Bulletin accompanying the announcement (PST-73 as updated on 26 February 2018) has given rise to confusion in the industry about whether or not the exemption includes creditors group insurance (CGI), which generally offers three main types: creditor life, disability/job loss, and critical illness insurance on debt obligations including mortgages, loans, and lines of credit. CGI -- underwritten by major Canadian insurance companies and distributed primarily by financial institutions such as banks and credit unions across the country -- is convenient, accessible, and affordable optional insurance offered to consumers at the time that they are taking on a new debt obligation. CAFII members make CGI coverage available to consumers primarily through direct, alternate distribution channels -- such as in-branch; online; telephone contact centres; and direct mail.

These CGI products are very much akin to, and nearly identical in nature and purpose to, individual and group life and health insurance products such as individual life, disability, and critical illness insurance; and group life and health products such as life, disability, and critical illness coverage that many Saskatchewan employees obtain through an employer-sponsored benefits plan. CGI covers the same consumer risk concerns, the same conditions, and the same life events as traditional individual and group life/health insurance. CGI products provide vital, affordable life and health coverage in a vibrant, competitive marketplace, coverage which appeals particularly to consumers in the lower and middle income segments.

Based on treating nearly identical insurance products in the same manner and in the interests of maintaining a level playing field in a competitive marketplace, it is our strong belief that CGI products should be included on the list of products covered by the exemption to the PST. However, Bulletin PST-73 could be interpreted to mean that CGI products will still be subject to PST, while parallel and comparable individual and group life, health, disability, and accident and sickness products will be exempt. If that interpretation is accurate, we believe that it arises due to a drafting error or an oversight because its consequence will be to create a fundamentally uneven, no-longer-level playing field between competing products of like purpose, tilting the marketplace in favour of individual and group life and health insurance products and against CGI offerings.

We ask that your Government clarify its position on this matter at the earliest possible opportunity; and we urge you to advise that all types of life and health insurance premiums – including all types of creditor's group insurance – are now exempt from PST.

CAFII representatives would be pleased to meet with you and/or your officials – in-person in Regina or by teleconference, as appropriate – to clarify or elaborate upon our request and the information set out in this letter. Should you require further background or wish to meet with representatives of our Association at any time, please contact Keith Martin, CAFII Co-Executive Director, at [keith.martin@cafii.com](mailto:keith.martin@cafii.com) or 647-460-7725.

Sincerely,



Peter Thorn  
Board Secretary and Chair, Executive Operations Committee

c.c. Hon. Donna Harpauer, Minister of Finance, Government of Saskatchewan  
Brent Hebert, Assistant Deputy Minister, Revenue Division, Ministry of Finance  
Arun Srinivas, Executive Director, Taxation & Intergovernmental Affairs, Ministry of Finance  
Jim Fraser, Manager, Quality Control, EDP Audit Planning and Contract Clearances, Ministry of Finance  
Greg Flottorp, Supervisor, Interpretations, Tax Information and Compliance Branch, Ministry of Finance

### **About CAFII**

CAFII is a not-for-profit industry Association dedicated to the development of an open and flexible insurance marketplace. Our Association was established in 1997 to create a voice for financial institutions involved in selling insurance through a variety of 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 choice in the purchase of insurance products and services. Our 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 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 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.

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