CCIR

Canadian Council of Insurance Regulators

Conseil canadien des responsables de la réglementation d'assurance

January 23, 2004

Dear Insurance Industry Stakeholder:

On behalf of the Canadian Council of Insurance Regulators (CCIR), I am pleased to announce the release of a consultation paper entitled "Referral Arrangements", for review and comment by insurance stakeholders.

This paper is a response to stakeholders' concern that the full Life License Qualification Program (LLQP) should not apply to certain types of financial services intermediaries, as for example, securities registrants transacting segregated fund business.

Previously, CCIR had established the License Considerations Committee, comprised of representatives of CCIR and of the Canadian Insurance Services Regulatory Organizations. The Committee was struck to consider special license applications and develop a model process for receiving, assessing and determining a recommendation on requests for special licenses.

One of the stakeholder groups suggested that rather than the option of a special license, there was a preference for permitting split commissions or flat fees for referrals. Subsequently, CCIR asked the committee to undertake consultation on consumer protection measures needed if referral fees were more widely permitted.

The Committee has prepared the attached paper to elicit input from stakeholders. The options that the paper seeks comments on include eligible parties to an arrangement, disclosure requirements, fee levels, and record keeping. The proposed directions should not be construed as the official position of any provincial, territorial or federal government or agency.

The Canadian Council of insurance Regulators (CCIR) welcomes the comments, suggestions and ideas of insurance industry stakeholders regarding the issues described in this paper. This document can be found on the CCIR's website at www.ccir-ccrra.org. We look forward to receiving your submissions by Friday, March 5, 2004.

Written submissions and questions should be forwarded to:

Ms. Maria Policelli
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Electronic copies of submissions would be preferred. As it is the intention of CCIR to publicly release the submissions received in this consultation process, please indicate if you do not want your submission to be made public.

Technical questions pertaining to the paper can also be addressed to the Committee by contacting:

Mr. Paul Braithwaite
Senior Policy Consultant
Financial Services Commission of Ontario

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E-mail: pbraithw@fsco.gov.on.ca

The Committee intends to make recommendations on referral arrangements to CCIR at an upcoming meeting. Any proposed legislative change would require approval of the government in each jurisdiction. As with all CCIR work, the implementation of changes, if any, would be the responsibility of each jurisdiction.

In the meantime, we look forward to receiving your comments.

Sincerely,

Original signed by

Jim Hall
Chair, License Considerations Committee
and
Chair, CCIR