



NEWS RELEASE

For Immediate Release

Canadian Council of Insurance Regulators

Insurance Regulators Release Model Disclosure Document for Segregated Funds

June 14, 2018

TORONTO – Following up on the publication of its December 2017 position paper on segregated funds, the Canadian Council of Insurance Regulators (CCIR) is releasing its final version of the proposed minimum required content for the client account statement (Appendix IV), along with a prototype client account statement ([link](#)).

Among other recommendations, the CCIR position paper outlined the regulators' expectations regarding the information to be provided to segregated fund contract holders. This paper followed a significant amount of research and stakeholder engagement on potential gaps in the information currently provided for segregated funds, behavioral economics and disclosures provided for similar financial products. The minimum content and the format of the prototype statement were subject to extensive consultation with industry members and comprehensive consumer focus group testing.

CCIR is not introducing a prescribed form for segregated funds disclosures. Insurers will be expected to ensure that consumers are provided with all of the new information outlined in Appendix IV, and they will have flexibility in terms of the layout and look of their disclosure documents. In addition, insurers will be able to adapt their disclosures to ensure that the language and terminology are consistent with the insurance contract and Fund Facts documents.

The new expectations for segregated fund disclosure come at a time of increasing demands and requirements for a greater degree of transparency in the financial services industry, including around the costs of financial products and services. Consumers and regulators around the world are calling for more detailed and practical information to assist in financial decision-making, as well as to promote a better understanding of product suitability and performance.

“The prototype statement provides guidance for insurers with respect to the expectations of the regulators about how the required disclosure is presented,” said Patrick Déry, Chair of the CCIR. “Consumers will be able to see both summary and detailed information on cost and performance of

segregated funds, in plain language, and thus will be better able to compare the products that are available to them. This information will better assist advisors in discussing segregated fund performance and costs with their clients.”

The expectations outlined in the CCIR position paper, when implemented, will provide consumers with a more consistent experience when purchasing segregated funds and mutual funds. The similarities in requirements extend beyond the disclosure of distribution costs and will include aligning the requirements for the delivery of updated Fund Facts, establishing consistent risk classifications used for the funds and promoting an equivalent standard of care for those dealing in segregated funds and those dealing in mutual funds. The position paper also recommended that insurance regulators consider harmonizing or adopting the Know-Your-Product due diligence requirements that currently apply to mutual funds.

CCIR members will commence implementation plans in their respective jurisdictions. The CCIR will also coordinate as much as possible with the Canadian Securities Administrators (CSA) with respect to future developments and consider the implications of the CSA’s work on expanded cost reporting, a best interest standard, embedded commissions and management of incentives.

Further information on the segregated funds initiative is available on the CCIR’s website (www.ccir-ccra.org).

About the CCIR:

The Canadian Council of Insurance Regulators is a national association of insurance regulators that traces its roots back to 1914. The mandate of the CCIR is to enhance insurance supervision and regulation to serve the public interest and to foster increased cooperative supervision and information sharing among regulatory authorities.

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