



Communique

Spring 2019

What's New?

The Canadian Council of Insurance Regulators (CCIR) participated in the 2019 Joint Forum of Financial Market Regulators (Joint Forum) and held its 2019 Spring Meeting. Both meetings were held in Toronto, Ontario in April. Representatives from Financial Services Regulatory Authority of Ontario (FSRA), including CEO Mark White and key executives, attended as observers.

Joint Forum of Financial Market Regulators

The Joint Forum brings together members of the Canadian Council of Insurance Regulators (CCIR), the Canadian Securities Administrators (CSA), the Canadian Association of Pension Supervisory Authorities (CAPSA) and representation from the Canadian Insurance Services Regulatory Organizations (CISRO). The Chair of the Mortgage Broker Regulators' Council of Canada (MBRCC) was invited to attend for the first time.

Member regulators discussed subjects of common interest including: consumer protection and the fair treatment of consumers; segregated funds and mutual funds total cost reporting; embedded fees; client focus reforms; exploitation of older and vulnerable investors; environmental, social and governance factors; and cybersecurity.

Ms. Kelly Peters, CEO and Co-Founder of BEworks, provided a keynote presentation regarding behavioural economics within the financial services regulatory framework.

CCIR Executive Committee

The CCIR membership affirmed the new members of the Executive Committee (EC) and proposed structure change. The EC, which increased by one additional Vice-Chair is comprised of the Chair, Patrick Déry - Superintendent, Solvency (QC) and Vice-Chairs : Robert Bradley - Superintendent of Insurance (PE); Frank Chong - Acting Superintendent, Financial Institutions (BC); Brian Mills - Chief Executive Officer and Superintendent of Financial Services (ON); and Scott Moore - Superintendent of Financial Institutions (MB). The two-year term commenced April 1, 2019.

Mark White - Chief Executive Officer, FSRA, will join the EC as Vice-Chair for Ontario, when FSRA assumes its regulatory responsibilities.

Fair Treatment of Customers

Since the release of CCIR's *Conduct of Insurance Business and Fair Treatment of Customers* guidance last September, the following jurisdictions have publically communicated their intentions regarding the guidance: British Columbia, New Brunswick, Nova Scotia, Ontario, Prince Edward Island and Quebec. All CCIR members support the guidance and are at various stages of implementation.

The working group and industry representatives continue to meet in-person on a quarterly basis to engage in open discussions regarding implementation, and to address questions and clarify regulator expectations. The next meetings are scheduled for June 26th and 27th, 2019.

Universal Life Policies

In 2017-18, a series of court cases were filed in Saskatchewan against three insurers by hedge fund companies in regards to whether investors can place unlimited investment funds in the side accounts associated with specific universal life insurance policies issued in Saskatchewan.

CCIR members and the Canadian Life and Health Insurance Association (CLHIA) have met to discuss the issues arising in the litigation. These meetings have resulted in a clearer understanding of the potential magnitude of the issue and that certain policies in all jurisdictions may be affected.

The Saskatchewan Queen's Bench Court issued decisions in March 2019 -- the decisions addressed the definition of premiums, and in particular, that the policies do not provide for unlimited stand-alone investment opportunities within associated side accounts.

In April 2019, appeals of the decisions were filed.

CCIR will continue to monitor the situation as it progresses through the legal system.



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Strategic Plan

CCIR has struck the 2020-23 Strategic Planning Committee to begin working on its new strategic plan. Stakeholders will have an opportunity to provide comments and input later this year. The current strategic plan expires on March 31, 2020.

Fintech Working Group

The Fintech Working Group has two main initiatives underway:

The Autonomous Vehicles Sub-Working Group is currently conducting a gap analysis on the legislation in each jurisdiction and plans to consult with stakeholders in Fall 2019, prior to publishing an issues paper in Spring 2020.

The Advisory Hub Sub-Working Group plans to establish a Fintech/Insurtech Advisory Hub (Advisory Hub) on the CCIR website by Fall 2019.

Annual Statement on Market Conduct

The deadline for year three filing of the Annual Statement was May 1, 2019. Insurers that did not file by the May 1 deadline may be subject to regulatory action. To help insurers prepare for filing, CCIR hosted Q&A sessions in April to answer questions on the form and filing process.

In preparation for year 4 filing, CCIR will host webinars in June to advise insurers of requirements and any changes.

Financial Sector Assessment Program

The International Monetary Fund (IMF) requested a follow up meeting with CCIR. The meeting took place on February 15, 2019 in Toronto, Ontario and focussed on: systemic risk oversight, coordination among CCIR members, and approaches to systemic risk monitoring and analysis.

Again, CCIR members had the opportunity to demonstrate to the IMF representative that many recommendations from the previous visit five years ago were addressed. CCIR anticipates the release of the IMF report in the summer.

Next Meeting

The CCIR's 2019 Summer Call will take place on June 20th, 2019.