



# Communique

## Winter 2022

### What's New?

The Canadian Council of Insurance Regulators (CCIR) held its Winter Call on January 20, 2022.

CCIR welcomed back returning member, Mr. Bradley Rowett (YK). Members of the CCIR extended their appreciation to Ms. Rowan MacPhail (YK) for her contribution and service.

### Fair Treatment of Customers (FTC)

The FTC Working Group received approval to proceed with the public consultation of the joint CCIR and Canadian Insurance Services Regulatory Organizations (CISRO) Incentives Management Guidance (IMG). The proposed guidance sets out regulator expectations for insurers and intermediaries that pay compensation and/or design incentive arrangements related to the sales and servicing of insurance products.

The public consultation commenced on February 17, 2022 and will conclude on April 4, 2022.

### Segregated Funds

#### Deferred Sales Charges (DSC)

On February 10, 2022, CCIR and CISRO released a joint notice regarding DSCs as they pertain to segregated funds. Insurance regulators urge insurers to refrain from new DSC sales in segregated fund contracts in line with the June 1, 2022 ban in securities, and expect a transition to a cessation of such sales by June 1, 2023. Later this year, the CCIR and CISRO will issue a joint consultation on upfront commissions in sales of segregated funds.

#### Total Cost Reporting (TCR)

The joint CCIR and Canadian Securities Administrators (CSA) Committee are finalizing materials for public consultation this Spring. CCIR and CSA will be seeking feedback from interested parties regarding information relating to performance and full costs of similar financial products. CCIR continues to move in "lock step" with the CSA to implement this initiative along the same timeline.

### Segregated Funds Guidance

The working group continues to engage with industry as it develops a regulators' guidance to address the recommendations from the CCIR Position Paper (June 2018).

### Climate Change, Natural Catastrophes & Consumer Awareness Working Group

CCIR Members ratified the Terms of Reference of the Climate Change, Natural Catastrophe and Consumer Awareness Working Group. The Working Group, to be chaired by BCFSA's Chris Carter, will examine and recommend best practices to increase consumer awareness; share information, lessons learned and best practices from actual natural catastrophe events; and monitor the impacts of climate and natural catastrophe risk on insurance availability.

### Strategic Planning Committee

A Strategic Planning Committee was struck to begin work on the 2023-26 Strategic Plan. CCIR expects to engage with key stakeholders in the Fall.

### Joint Forum of Financial Market Regulators

The Joint Forum brings together pension, securities and insurance regulators to discuss issues of common interest. It is anticipated the meeting, hosted by CCIR this year, will be held in the Spring.

### Assuris/PACICC Committee

CCIR Members discussed the proposed changes to PACICC's By-Law and Memorandum of Operation. These changes would expand the number of PACICC Board Directors to enable a broader range of skills and would allow access to the Compensation Fund and assessments on Member Insurers in order to finance alternatives to liquidation in specific circumstances.

CCIR Members have until the end of February to provide feedback on the proposed changes.



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## Cooperative Supervisory Oversight Committee

CCIR's Best Terms Pricing (BTP) Working Group issued a News Release in December 2021 stating the position of regulators with respect to the practice of BTP.

CCIR concluded that BTP exists in the broader commercial market and outcomes, including adverse premium inflation, do not support the fair treatment of customers. CCIR understands that some insurance companies and brokers using BTP have, appropriately, discontinued the practice, while others are in the process of moving away from it.

Fair and transparent pricing is essential to a successful marketplace and CCIR Members expect insurers and brokers to cease BTP practices. CCIR Members will work collaboratively with each other and the industry to ensure a timely transition from BTP.

## Annual Statement on Market Conduct (ASMC)

CCIR published its second report on ASMC data in November 2021. The report can be found [here](#).

ASMC forms for 2021 were available for download on January 1, 2022. Insurers may submit returns between March 1 and May 1, 2022. Insurers that do not file by the due date may be subject to regulatory action.

The 2022 forms are currently being finalized and expected to be completed later this spring.

The CCIR also hosted two information sessions in early 2022 on the ASMC, one for Life and Health insurers and the other for Property and Casualty. The presentation material is available [here](#).

## OmbudServices Oversight Standing Committee (OOSC)

CCIR welcomed Erica Hiemstra, Head, Insurance Conduct, FSRA as the new Chair of OOSC. Ms. Hiemstra replaces Chris Carter of BCFSA. Members of the CCIR extended their appreciation to Mr. Carter as he takes on the Chair of the Climate Change, Natural Catastrophes & Consumer Awareness Working Group.

## Next Meeting

The CCIR's Spring Call is currently scheduled to take place on April 7 and 8, 2022.