



February 22, 2007

Mr. Winston Morris
Superintendent of Insurance
Department of Government Services
Government of Newfoundland and Labrador
P.O. Box 8700
St. John's NL A1B 4J6

Dear Mr. Morris:

I am writing to you on behalf of the nearly 4,000 members of Independent Financial Brokers of Canada (IFB) with regard to the final version of the “Principles for the Sale of Insurance, A Consumer Protection Document”, which was recently released by your government.

IFB has been an active participant in the consultative process, which was first initiated by the Canadian Council of Insurance Regulators (CCIR) in 2005, to review the sales practices of insurance companies and their intermediaries. As you know, this initiative culminated in the endorsement of three basic principles:

1. The client's interests must take priority
2. Conflicts of interest must be disclosed
3. The product recommended must be suitable to the needs of the consumer

IFB supports these principles and, indeed, members of our Association have been bound to abide by them, through our Code of Ethics, since IFB was founded over 20 years ago. In addition, IFB was at the forefront in developing electronic tools which our members can download and customize to disclose actual or potential conflicts of interest situations to consumers. We are a major provider of continuing education for those in the life/health insurance and mutual fund industries, through our Educational Summits. These Summits are offered twice a year at specific locations across Canada and attract a large number of participants – well beyond our own membership.

As you can see from the above, IFB is actively engaged in the promotion of professional standards which ultimately provide the underpinning for consumer protection by ensuring

consumers receive the best advice and access to a full range of products. Our Association is unique in that membership is limited to those advisors who represent more than one company. Our members believe that they best serve the needs of their clients if they are free to search the market for the product most suitable to meet that client's financial requirements. We believe that this factor in itself helps to ensure consumer protection.


IFB supports the Government of Newfoundland and Labrador in its desire to have a formal consumer protection document. Many of the principles identified already form part of the day-to-day business practices of insurance brokers. However, there are several points of caution that we would like to make. The first is that life and health insurance as a product and an industry is fundamentally different from general and marine insurance. Unfortunately, this document, which originated in response to a report by the Public Utilities Board related to homeowner, commercial and marine insurance, now envelopes all facets of insurance, which ignores many of these fundamental differences and will make it harder for insurance companies, agents and brokers to comply with in a relevant way.

Secondly, while some of the principles outlined in this document support the CCIR principles, others impose a new standard. By setting a separate standard for companies and brokers conducting business in Newfoundland and Labrador, the CCIR objectives to increase harmonization and reduce the regulatory burden on those conducting inter-provincial business are weakened. As many of our members are licensed in several provincial jurisdictions, this is a serious concern for us.

We trust that as your government undertakes to monitor the impact and effectiveness of these Principles over the next two years that you will remain open to the concerns of insurance brokers, like our members, who conduct business everyday with the residents of your province. IFB would welcome the opportunity to assist you in this regard at any time.

Should you wish to discuss any of the above comments further, please contact the undersigned.

Yours truly,

A handwritten signature in black ink, appearing to read 'John Whaley', is positioned above the typed name and title.

John Whaley
Executive Director
Email: jaw@ifbc.ca