



30 Eglinton Avenue West, Suite 306  
Mississauga ON L5R 3E7  
Tel: (905) 279-2727  
Website: [www.ifbc.ca](http://www.ifbc.ca)

April 6, 2010

Robert Morin  
Secretary General  
CRTC  
Ottawa ON K1A 0N2

Submitted by Electronic Mail

Dear Mr. Morin:

**Re: Telecom Notice of Consultation CRTC 2010-130**

1. Independent Financial Brokers of Canada (IFB) welcomes the opportunity to submit comments on CRTC 2010-130 “Unsolicited Telecommunications Rules – Financial and insurance products and services offered to existing clients”. We are pleased that the Commission is offering the opportunity to reconsider its earlier interpretation as expressed in Telecom Information Bulletin 2009-282 (the insurance bulletin).

#### **Introduction**

2. IFB is a voluntary, not for profit association representing approximately 4,000 individual members across Canada. Many are duly licensed, by their respective provincial/territorial regulators, to sell life/health insurance products and mutual funds to consumers. Some are licensed providers of other forms of insurance, for example travel or property and casualty, and securities. They provide ongoing financial planning services to clients, often over a long period of time.
3. Our members are independent, in that they have the capability to offer the products of more than one provider. They are self-employed, often small business people, who provide financial services within their local community. Our members rely on telephone, mail and personal referrals to contact new and existing clients with product information and advice.
4. In Telecom Notice 2010-130, the Commission notes that Telecom Circular 2008-3 (the financial bulletin) and Telecom Information Bulletin 2009-282 (the insurance bulletin) result in an inconsistent application of the Unsolicited Telecommunications Rules to different sectors of the financial services industry. The Commission has asked for input on whether these differences

should be maintained or amended to permit unsolicited telecommunications made by insurance advisors to existing clients to not be subject to the DNC Rules.

### **The life insurance industry**

5. Life insurance agents and brokers are licensed by their provincial/territorial regulator. Each regulator has requirements that must be met in order to meet the initial licensing requirements, as well as ongoing licensing requirements that must again be met before the agent/broker can renew his/her license. Licenses are generally valid for 1-2 years, depending on the jurisdiction. Ongoing requirements include proof of errors and omissions insurance coverage and continuing education credits.
6. Agents/brokers must contract directly with one or more insurers in order to be able to offer the insurer's product(s). The insurer retains oversight of the suitability of the brokers it has contracts with, including acceptable sales practices and sufficient product knowledge to recommend suitable products to clients. Insurers can cancel the contracts of brokers who are found to be unsuitable.
7. Canadian insurance regulators (collectively, the Canadian Council of Insurance Regulators) require agents and brokers to provide clients with written conflict of interest disclosure, notice of the insurers they are contracted with and information on filing a complaint. Insurance brokers have a duty to put their client's needs ahead of their own, understand by assessment the needs of the client and only recommend suitable products to meet the client's needs.

### **The DNCL Rules**

8. IFB has been a frequent participant in the CRTC consultations related to the DNC Rules. We have consistently maintained that those who are licensed as life insurance advisors and securities registrants should not be subject to the DNC Rules. Our fundamental premise has been that such advisors are already subject to the extensive regulatory structure that exists in the financial services industry. This structure includes oversight of market conduct, client complaint mechanisms and restitution. Licensees are subject to regulatory compliance audits and disciplinary action which can result in fines and their license being suspended, or terminated, for violations.
9. The DNC Rules do not recognize the unique nature of life insurance in that once acquired it leads to an ongoing, long-term relationship between the client and life insurance advisor who services the policy while it remains in force.
10. The purchase of life and disability insurance products is often for a period spanning many years. In addition, such products have renewal dates that brokers need to remind their clients of in order that clients do not lose coverage or a competitive price advantage. These should not be considered unsolicited calls, even when they may occur outside of the 6 month time frame.

For example, a client may have term life insurance that includes the option to convert it to permanent insurance within 10 years of the date of purchase. In such cases, many clients rely on their broker to initiate a reminder in advance of the expiry date so that they are made aware of this conversion privilege.

## Conclusion

11. IFB submits that the regulatory environment that securities and life insurance advisors operate in is sufficiently similar that there is no basis for treating calls made to their clients differently.

Furthermore, many life licensees are also licensed mutual fund/securities advisors. The current restrictions on calls made to their insurance clients in certain circumstances, when these clients will often be both investors and policy holders, is confusing to clients.

12. Professional insurance advisors ensure clients receive updated advice to help protect their clients' financial future, in response to changes in the clients' personal circumstances. In practice, this contact is often initiated by the advisor and clients expect this as part of the ongoing service provided by the advisor.
13. Therefore, with regard to Question 6(a), IFB supports the current interpretation that the Unsolicited Telecommunications Rules should not apply to telecommunications to existing clients of investment advisors.
14. Therefore, with regard to Question 6 (b) and based on the foregoing discussion, it is the view of this organization that the CRTC should extend the same interpretation to insurance advisors, with regard to telecommunications to existing clients, as has already been provided to investment advisors.

Yours truly,



John Whaley  
Executive Director  
Email: [jaw@ifbc.ca](mailto:jaw@ifbc.ca)

Cc: Interested parties CRTC 2010-130

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