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January 20, 2011

Committee - Incidental Sale of Insurance
c/o Erin Pearson, Executive Director
Insurance Council of Manitoba
466-167 Lombard Avenue
Winnipeg, MB R3B 0T6

Submitted by email: epearson@icm.mb.ca

Dear Ms Pearson/ISI Committee Members:

Subject: Request for Comments on Proposed Regulatory Approach - Restricted ISI Agent Licence

Independent Financial Brokers of Canada (IFB) is pleased to offer our comments on the Insurance Council of Manitoba's (the Council) proposed new licence category to regulate those who sell incidental insurance products (ISI) to the public.

IFB has been an active advocate for improved disclosure and transparency in the sales process of these types of insurance products and has maintained that those who sell such products should be fully licensed and regulated in order to protect consumers. This formed the basis of our response to the Canadian Council of Insurance Regulators/CISRO consultation on this subject and to this Council's request for comments in March 2009. Full licensing continues to be our preferred position.

However, we understand that having considered these responses, that it is now Council's intent to introduce a new regulatory regime, including a new Restricted ISI Agent license, which is modelled on that implemented in Alberta and Saskatchewan.

We are pleased that the proposed regulations will include requirements aimed at improving disclosure for consumers of these products, including sellers disclosing potential conflicts of interest, and steps to separate the purchase of the insurance from the loan. The requirement for Restricted ISI Agents to have appropriate Errors and Omissions insurance coverage is also positive and provides a means of protection for consumers.

We note that the holder of the Restricted Agent license must take steps to ensure that its ISI sellers are knowledgeable, competent and recommend suitable products. However, we believe that mandated

continuing education for individual sellers and licensees would be appropriate and help ensure a standardized level of knowledge for all. We hope that Council will consider this recommendation as it works to fine-tune its regulations. In addition, we would like to see a requirement that the client's interest be paramount, in order to bolster the suitability obligation.

IFB will look forward, with interest, to commenting further on the preliminary regulatory framework as it evolves.

Yours truly,

A handwritten signature in black ink, appearing to read 'John Whaley', with a stylized flourish at the end.

John Whaley
Executive Director
Email: jaw@ifbc.ca