



IBAS

Insurance Brokers'
Association of Saskatchewan

Friday, June 22, 2018

Hon. Joe Hargrave
Minister Responsible for SGI
Government of Saskatchewan
Legislative Building, Room 302
2405 Legislature Drive
Regina SK S4S 0B3

Re: Changes to SGI policy and regulation

Dear Minister:

On behalf of the Insurance Brokers' Association of Saskatchewan (IBAS) — which represents more than 95 per cent of independent insurance brokers in 374 branch locations across the province — I am writing today to express our industry's support for the conditional expansion of government policies that would allow SGI CANADA to make ongoing strategic investments into the insurance marketplace. It is our understanding that SGI CANADA has sought these permanent capabilities following its \$3 million, 15 per cent equity investment in Alberta-based brokerage Nuera Insurance Inc.

Few sectors of the economy are changing at a pace similar in speed or magnitude to that of insurance. Consolidation has accelerated throughout the value chain, the buying experience is now increasingly digital, and the adoption of 'smart' new technologies like artificial intelligence is becoming a requisite for company survival.

For these reasons, we believe it is imperative that — despite its status as a Crown corporation — SGI CANADA has access to the levers needed to keep pace with other Canadian insurers. This includes investing in out-of-province brokerages and other businesses that enhance SGI CANADA's long-term competitiveness as an insurer partner and contribute to its profitability. Specifically, IBAS supports acquisitions made by SGI CANADA:

1. Whereby SGI CANADA is not the largest equity partner;
2. Whereby SGI CANADA holds a minority position only;
3. That promote the independence of the broker channel;
4. That are not in direct competition with Saskatchewan-based brokerages;
5. That are in the best interest of insurance consumers;
6. That are in the best interest of Saskatchewan taxpayers and businesses;
7. That follow industry-accepted best practices for valuation; and
8. That are disclosed to the public in a timely and transparent manner.

Just as these changes are necessary to protect the ongoing competitiveness of SGI CANADA, however, it is our concurrent position that SGI CANADA should be subject to the same rules as other insurers to foster a level playing field.

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Recently, in an amendment to the *SGI Act* that passed along with *The Insurance Act* (hereinafter, the 'Act'), SGI CANADA was exempted from compliance with the Act except as specified in regulations to the *SGI Act*. IBAS shares the insurance industry's belief that SGI CANADA's operations must fully comply with the Act, other than those sections relating to financial and corporate oversight (generally, *Part II* and *Part III*). SGI CANADA's policyholders and brokers in Saskatchewan should have:

- A. The same protection as its customers in other provinces, where SGI CANADA complies with very similar Act provisions;
- B. The same protection other insurers must give in areas of market conduct and fair practices;
- C. Policy provisions and statutory conditions identical to the minimums established in the Act for other insurers;
- D. Access to complaints resolution services provided by insurance industry mediators and regulating bodies; and
- E. Assurance that those selling its products are licensed and qualified.

We understand *SGI Act* regulations are being drafted and that SGI CANADA, for the most part, agrees with these concepts. IBAS, though, remains concerned about any exception to the basic consumer protections of the Act, as well as the general concept that an insurer may choose which portions of the Act it wishes to comply with. As the voice for more than 1,600 licensed brokers in Saskatchewan, we are calling on the Province to mandate this compliance through regulation or through an amendment to the legislation.

Thank you in advance for your consideration in this matter. If you have any questions, please don't hesitate to reach out to me directly at (306) 380-3765 or by e-mail at derek.lothian@ibas.ca. I would be happy to meet with you for further discussions at your convenience.

Regards,

Derek Lothian
Chief Executive Officer
Insurance Brokers' Association of Saskatchewan

cc: Hon. Scott Moe, Premier of Saskatchewan, Government of Saskatchewan
Hon. Don Morgan, Attorney General & Minister of Justice, Government of Saskatchewan
Roger Sobotkiewicz, Chair, Financial & Consumer Affairs Authority
Andrew Cartmell, President & CEO, SGI
Blair Andrew, Chair, Insurance Brokers' Association of Saskatchewan
Dave Pettigrew, Vice Chair, Insurance Brokers' Association of Saskatchewan