



IBAS

Insurance Brokers'
Association of Saskatchewan

Thursday, July 19, 2018

Hon. Don Morgan
Minister of Justice & Attorney General
Government of Saskatchewan
Legislative Building, Room 355
2405 Legislature Drive
Regina SK S4S 0B3

Re: Outstanding concerns with *The Insurance Act*

Dear Minister:

As you know, on June 22, the Insurance Brokers' Association of Saskatchewan (IBAS) submitted a letter to the Province expressing support for the expansion of government policies that would allow SGI CANADA to make ongoing strategic investments into the insurance marketplace. This support was conditional on SGI CANADA's full, mandatory compliance with *The Insurance Act* (hereinafter, the 'Act'), except those sections relating to financial and corporate oversight (generally, *Part II* and *Part III*).

In further preparing for the implementation of the new Act, IBAS — which represents more than 95 per cent of independent insurance brokers in 374 branch locations across the province — has met regularly with senior leadership from the Financial and Consumer Affairs Authority (FCAA) and the General Insurance Council of Saskatchewan (GICS) to discuss accompanying regulations and navigate potential issues. While I am pleased to report that resolutions have been reached in several areas, two outstanding concerns remain:

1. Tied selling by credit-granting agencies

As recognized in important, longstanding restrictions on banks and credit unions that engage in insurance operations, it is contrary to the public interest for consumers obtaining a loan to be subject to pressure, tied selling, and — potentially — the purchase of insurance that is not in their best interest.

Following our initial discussions with FCAA, IBAS understood that credit-granting institutions also selling insurance would be allowed to require the borrower buy insurance, but would need to advise borrowers they are free to buy that insurance where they choose. *Regulation 7-3* was then passed, however, without that protection. It states the lender must not require that insurance be purchased from the lender, although it is a hollow protection unless the borrower knows that he or she has a choice.

IBAS strongly recommends amending the Act regulations so that credit-granting institutions selling insurance must be required to inform the consumer they *can seek licensed advice and purchase coverage wherever they choose*. This is especially important when purchasing large capital assets, such as farm equipment, where the consumer may already carry appropriate coverage through an existing policy.

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2. Protective message for online insurance buyers

Insurance is a complicated product and coverage varies significantly. Online shoppers in many other regulated industries, including financial services, see a message (in accordance with regulation) alerting them they may need advice or that a specific product may not be suitable.

In May 2015, the Attorney General at the time agreed with IBAS that the Act regulations should incorporate a cautionary message, although there is no such warning or protection currently in place.

As the new Act is introduced, IBAS believes a provision should be included in the regulations that requires a protective disclosure to be displayed wherever online insurance is quoted or sold — along the lines of: *This insurance product may or may not meet your needs. It is important to obtain advice from a licensed insurance professional before purchasing any insurance product.*

The adoption of these recommendations would be simple improvements that:

- Are easy to enforce;
- Do not detract *from* or add extra burden *to* the competitiveness of the insurance marketplace;
- Protect consumers when they are most vulnerable;
- Level the playing field for local businesses; and
- Help ensure consumers have sufficient and appropriate insurance coverage to safeguard their families, businesses, and financial wellbeing.

Thank you in advance for your time and consideration. 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 to discuss these issues at your convenience.

Regards,

Derek Lothian
Chief Executive Officer
Insurance Brokers' Association of Saskatchewan

cc: Blair Andrew, Chair, Insurance Brokers' Association of Saskatchewan
Dave Pettigrew, Vice Chair, Insurance Brokers' Association of Saskatchewan