



# IBAS

Insurance Brokers'  
Association of Saskatchewan

Monday, August 27, 2018

Janette Seibel  
Acting Director, Insurance and Real Estate  
Financial and Consumer Affairs Authority  
601 – 1919 Saskatchewan Drive  
Regina SK S4P 4H2  
E-mail: janette.seibel@gov.sk.ca

## Re: The Insurance Amendment Regulations, 2018

Ms. Seibel:

On behalf of the board and membership of the Insurance Brokers' Association of Saskatchewan (IBAS), thank you for the opportunity to review the proposed amendments put forward by the Financial and Consumer Affairs Authority (FCAA) with respect with *The Insurance Act* (hereinafter, the *Act*) and, more specifically, *The Insurance Regulations* (hereinafter, the *Regulations*).

In response your letter, dated August 10, 2018, IBAS has reviewed the amendments to the Regulations, and has identified three relevant amendments for which the association wishes to tender the following comments for your consideration:

### 1. Change to the exemption for disclosure requirements when advertising

IBAS is pleased with the FCAA's intent to clarify *Section 7-11* of the Act and *Section 7-2* of the Regulations, to establish transparent information disclosure guidelines for the purpose of advertising and other communications.

As a matter of basic consumer protection, it is important consumers are able to proactively discern the origin of all public and policy-specific messaging related to insurance products.

### 2. Tied selling by credit-granting agencies (*Section 7-3* of the Regulations)

IBAS is appealing to the FCAA and the Province to reconsider the exclusion of IBAS's previous recommendation to require credit-granting institutions selling insurance to inform consumers they can seek licenced advice and purchase coverage wherever they choose.

Multiple successive federal governments, including senior elected representatives from all three major political parties, have upheld provisions of the *Bank Act* that protect consumers from predatory insurance sales at the point of lending. As a matter of principle, 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.

IBAS strongly believes *Section 7-3* of the provincial Regulations is incongruent with that long-held precedent.

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The current wording in *Section 7-3* states that credit-granting institutions also selling insurance are permitted to require the borrower to purchase insurance, and that the borrower is free to buy the insurance wherever he or she chooses. The latter, however, is a hollow protection unless the borrower is *aware* he or she has a choice.

This is especially important for vulnerable consumers purchasing large capital assets, such as agricultural equipment, where the consumer would often already carry appropriate coverage through an existing general farm policy.

### 3. Protective message for online insurance buyers

IBAS wishes to thank the FCAA for accepting its recommendation to incorporate into the amendments a requirement for the display of a protective message when marketing insurance products through electronic media.

To further strengthen that provision — and to more accurately reflect the nature of the regulated environment — IBAS proposes the addition of two words ('licenced' and 'qualified') and removal of one word ('additional') in the disclosure statement outlined in *Section 7-7* of the Regulations:

*“Individual circumstances may vary. You may wish to contact a licenced insurer’s representative or qualified insurance agent to obtain advice about your insurance needs.”*

Thank you again for FCAA’s ongoing consultation with IBAS in this matter. We look forward to receiving your reply.

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](mailto:derek.lothian@ibas.ca). I would be happy to meet in-person to discuss these issues at your convenience.

Regards,

Derek Lothian  
Chief Executive Officer  
Insurance Brokers’ Association of Saskatchewan

cc: Hon. Don Morgan, Attorney General & Minister of Justice, Government of Saskatchewan  
Roger Sobotkiewicz, Chair, Financial and Consumer Affairs Authority  
Blair Andrew, Chair, Insurance Brokers’ Association of Saskatchewan  
Dave Pettigrew, Vice Chair, Insurance Brokers’ Association of Saskatchewan