



January 22, 2016

Insurance Division
Financial and Consumer Services Commission
200- 225 King St.
Fredericton, NB E3B 1E1

secretary@fcnb.ca

Re: CADRI Response to “Modernizing the New Brunswick Insurance Licensing Framework”

CADRI is a trade association representing insurance companies who offer automobile, home and commercial insurance products to Canadians on a direct basis. Whether through the web, on the phone or face-to-face, CADRI members provide end-to-end service and are in direct relationships with their customers through all steps of the sales and service process.

We appreciate the opportunity to comment on the New Brunswick Financial and Consumer Services Commission’s (FCNB’s) recommendations for a new licensing framework for agents and brokers in New Brunswick.

Electronic Licensing System

CADRI congratulates the FCNB on the progress made with its new electronic licensing system. We applaud the regulator’s efforts and look forward to continued collaboration as the launch of the second phase of the system approaches.

The Distinction between Agents and Brokers

CADRI appreciates the reduced administrative burden that will result from eliminating the distinction between agents and brokers for licensing purposes, but has some concerns about how this will align with licensing in other jurisdictions. In some cases CADRI members have employees who are licensed as brokers in New Brunswick, and those credentials are recognized for licensing purposes in other jurisdictions. The elimination of this distinction in New Brunswick may lead to complications for our members in other jurisdictions. The new definition of agent appears to align with the definition used in other jurisdictions, but we would welcome clarification from the FCNB about which non-customer facing roles the regulator feels should be licensed, and why. Further, we would recommend that the FCNB consult with stakeholders as it fine tunes its definition of agent.

Supervision

CADRI members have structured, tiered staffing models in place to ensure adequate supervision of all employees – regardless of their levels of experience. Prior to making contact with customers, agents undergo rigorous training to ensure compliance with regulations, company policies, and delivery on customer service commitments. Additional supervisory requirements imposed by the regulator seem excessive, in particular the means and requirement to document supervision during the probationary period, will require many of our members to modify their systems to

accommodate these additional notations. If the regulator's expectation is that every transaction be reviewed before it is completed, the impact on the customer experience will bring service times far out of line with what our members promise, raising frustration levels amongst both customers and employees. Further, with the transition to the new licensing levels it's unclear whether our members would have the requisite number of agents in the levels required to provide the supervision required. It would be helpful to understand what the regulator's concerns are, and to have a discussion about whether there are other ways in which they can be addressed.

FCNB proposes clarifying their ability to impose conditions on existing licenses, we welcome the clarification and ask that the regulator also clarify the process – how does FCNB determine when conditions will be imposed? And, will the process and conditions be aligned with those used in other jurisdictions?

Reinstatement of License

CADRI understands FCNB's desire to establish a threshold for requalification, but we recommend that rather than monitoring those agents who cease to carry on business, simply require those who allow their licenses to lapse to requalify.

Transition of Currently Licensed Individuals

FCNB's planned transition from the existing licensing levels to the new system raises some concerns for CADRI members. While the new, simplified system is welcome, the plan to transition all Class I Agents, and Class I and II Brokers to Level 1 Agents doesn't appear to acknowledge existing levels of expertise and experience, and may raise further issues given the regulator's new supervisory expectations. CADRI members propose recognizing Class II Agents and Class II Brokers as Level 2 Agents. This is a standard that would increase alignment with other jurisdictions and reduce the administrative burden on both the regulator and the industry.

With respect to Adjuster licensing, CADRI proposes that Adjusters who are employed by insurers should not be subject to licensing requirements. This move would also increase alignment with other jurisdictions. Adjusters who are employed by insurers are required to follow stringent policies and procedures, exercising little if any of their own judgement when making claims decisions.

New Brunswick's review of its insurance licensing framework provides a unique opportunity to transform the regulatory regime into a leading, principles-based, forward-thinking framework that balances consumer protection with innovation. We appreciate this opportunity to continue the dialogue, and would be pleased to answer any questions from FCNB on the information provided above.

Yours sincerely,



Alain Thibault
Chair & CEO
CADRI