

---- Message from "Karapita, John" <jkarapita@ibc.ca> on Fri, 30 May 2003 09:23:13 -0400 ----

To: "spaglia@fscsco.gov.on.ca"
<spaglia@fscsco.gov.on.ca>
Subject: Practice Standards response

Original to follow by mail...

May 29, 2003

Stephen Paglia
Senior Policy Analyst
Joint Forum Project Office
Joint Forum of Financial Market Regulators
5160 Yonge Street
17th Floor
Toronto, Ontario
M2N 6L9

Dear Mr. Paglia:

We are pleased to provide comments to the Joint Forum once again on the consultations surrounding the Principles and Practices for the Sale of Products and Services in the Financial Sector and Examples for the Property and Casualty (P&C) Insurance Industry.

In general, we remain supportive of the direction of the Draft with some significant comments about particular enumerated Principles. We note that changes have been made since the previous version and our comments are directed to those sections of the document where we continue to note concerns.

We are still seeking clarification of the definition of intermediaries as it relates to the Principles and Practices. Specifically, we are concerned that intermediary should not include company adjusters because of their primary responsibility to represent the interest of the company. We note that Principle #5, Confidentiality, has been modified to allow for companies to divulge personal information "without client consent to law enforcement agencies when required or authorized by law." We note, as well, that this

principle appears to reflect the provisions of the federal privacy legislation (Bill C-6) by taking into account that the intermediary would obtain consent on behalf of the insurer for the sharing of information for "reasonable" purposes. We would recommend that Principle #1, Interest of the Client, be modified in order to be consistent with Principle #5. A very narrow interpretation of Principle #1 could limit an insurer's legitimate activities to address fraud.

Similarly, we acknowledge the intention to clarify or illustrate the Principles through examples. In light of the clarity of the Principles, however, examples may not be needed at all. In fact, the examples may only serve to limit Principles or confuse the matter. At the very least, an example should be broad and generic so as to apply to a national marketplace.

The provisions of the Principle dealing with General Information Disclosure (Principle #7) should not impose overly onerous responsibilities on the intermediary to disclose proprietary information concerning compensation or remuneration or all relationships involved in the transaction. This information is not pertinent to the transaction particularly in the heavily regulated auto insurance market.

It is in the best interest of all intermediaries to establish a good relationship with their clients so that questions about coverage and exclusions will be welcomed and encouraged. It is, however, impractical to expect that agents will explain or that clients will be interested in all policy exclusions and limitations. Currently, this information is provided to consumers as part of their plain-language policies and clarification is available on request. In our experience, this appears to be meeting their needs. It should be sufficient to inform clients that every insurance contract has certain terms including policy conditions, limitations and exclusions.

The Principle dealing with client complaints, Principle #8 Client Redress,

should recognize that nearly all P&C clients are satisfied with their dealings with the industry. Furthermore, the competitive nature of P&C marketplace goes a long way toward ensuring widespread satisfaction in our

industry. Therefore, the Principle should be changed as follows, (suggested change in italics):

"The intermediary must be fully aware of all applicable processes for dealing with complaints and must be prepared to provide information on the channels available for pursuing different types of complaints."

We suggest that this wording is consistent with the subsequent description of the intermediary's responsibility to provide information on redress mechanisms "in situations where a dispute cannot be resolved."

Once again, we appreciate the opportunity to comment.

Sincerely,

Mark Yakabuski
Vice President, Ontario

John Karapita
Manager, Government Relations
Ontario
Insurance Bureau of Canada
Tel: (416) 362-2031 x 4326
FAX: (416) 644-4961