



July 28, 2015

Ms. Denise Koss
Chair
Funeral Board of Manitoba
254 Portage Avenue
Winnipeg, MB R3C 0B6

Submitted by e-mail to: funeralboard@gov.mb.ca

Dear Ms. Koss,

The Canadian Life and Health Insurance Association (CLHIA) is pleased to provide comments on the Funeral Board's consultation on the proposed regulation under the *Prearranged Funeral Services Act* (Act).

Established in 1894, CLHIA is a voluntary trade association that represents the collective interests of its member life and health insurers which, together, account for 99% of the life and health insurance in force in Canada. Our members contribute to the financial well-being of millions of Canadians by providing a wide range of financial security products, including over \$4 trillion of life insurance coverage. During 2013 in Manitoba, life and health insurers made benefit payments of \$2.5 billion, or roughly \$48.7 million a week, to policyholders and beneficiaries. As well, and of particular note for this consultation, the life insurance industry provides insurance to fund prearranged funeral services in Manitoba.

Our comments on the proposed regulation relate to the provisions intended to establish special licensing requirements for funeral directors who sell prearranged funeral plans funded by insurance.

As context for these comments, insurance agents in Manitoba are licensed by the Insurance Council of Manitoba, which acts under the authority of the Superintendent of Insurance. The Insurance Council's mandate is to protect consumers and regulate agents, brokers and adjusters to ensure there are adequate standards for public protection.

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On June 1, the Insurance Council implemented a restricted licensing regime, similar to those in place in other western provinces, intended to protect consumers who purchase insurance through alternate channels of distribution. It establishes a new licensing requirement for funeral directors selling life insurance to fund funeral expenses, and requires them to have policies and procedures to ensure that anyone who transacts insurance on their behalf is knowledgeable, competent and suitable.

The proposed regulation under the Act is intended to enhance protection for consumers who purchase prearranged funeral plans. Subsection 3(2) sets out an escalating fee structure for licenses that is based on the number of plans sold in the preceding year where there is an authorized trustee. Clause (g) of this subsection adds an additional fee of \$100 "where all the prearranged funeral plans sold by the licensee are funded by insurance policies." The consultation paper explains that "this fee has been added to allow for the monitoring of individuals selling these plans."

For consumers who choose to buy insurance to fund prearranged funeral plans, protection specifically related to the purchase of insurance is provided by the restricted licensing regime that has been established by the Insurance Council. CLHIA respectfully submits that, in light of the recent introduction of the Council's restricted licensing regime for funeral insurance, there is no need for the Funeral Board to treat plans funded by insurance any differently than plans funded from other sources. For this reason, we recommend that clause (g) in subsection 3(2) be removed.

We would be pleased to discuss this with you or provide any other information that you would find helpful. Please contact me at your convenience.

Sincerely,

Original signed by

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cc:

Scott Moore, Deputy Superintendent of Financial Institutions-Insurance, Financial Institutions Regulation Branch, Manitoba Financial Services Agency
Erin Pearson, Executive Director, Insurance Council of Manitoba