



**Canadian Life
and Health Insurance
Association Inc.**

**Association canadienne
des compagnies d'assurances
de personnes inc.**

March 27, 2013

Service Nova Scotia & Municipal Relations
Office of Mortgage Regulation
PO Box 1003
Halifax, NS B3J 2X1

Dear Sir or Madam:

The Canadian Life and Health Insurance Association (CLHIA) is pleased to provide comment on draft regulations under the *Mortgage Regulation 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 \$3.8 trillion of life insurance coverage. During 2011 in Nova Scotia, life and health insurers made benefit payments of \$1.7 billion, or roughly \$33 million a week, to policyholders and beneficiaries. As well, and of particular note for this consultation, the life insurance industry has been providing residential mortgages for over 100 years, with current holdings valued at \$3.1 billion across the country and \$87 million in Nova Scotia.

Our comments relate to the Regulations Respecting Exemptions.

Exempt Entities

Section 1 establishes that the Act does not apply to banks, trust and loan companies, cooperative credit associations, and a director, officer, employee or other representative of any of these entities.

We agree with these exemptions but believe the list is unnecessarily limited and may inadvertently omit businesses providing similar services with similar levels of protection. Specifically, the regulation should exempt insurance companies. In keeping with the industry's historic involvement in mortgages, such an exemption is longstanding in a number of jurisdictions and has been retained in those jurisdictions that have recently reviewed and amended statutes related to mortgage activity (i.e., Ontario and Saskatchewan). Such an exemption would also be consistent with an existing exemption in Nova Scotia for persons making commercial or industrial mortgages of \$25,000 or more.

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Simple Referrals

Section 2 establishes that the Act does not apply to a person who refers a prospective borrower to a prospective lender or vice versa. The section then prescribes the disclosure that the person making the referral must provide and the information about the borrower and the lender that may be transmitted as part of a simple referral.

We agree with the exemption and agree that, in situations in which the person making the referral is receiving compensation for the referral, this fact should be disclosed. We submit that the additional requirement to disclose either the amount of the fee or a reasonable estimate is unnecessary. The provisions for simple referrals in Ontario do not include such a requirement and we are not aware of any problems that have resulted from this more streamlined disclosure.

I hope these comments are helpful. If you require additional information or wish to discuss these matters further, we would be pleased to follow up at your convenience.

Sincerely,

Original signed by

Peter B. Goldthorpe
Director, Marketplace Regulation Issues