



Independent Financial Brokers of Canada

740-30 Eglinton Avenue West, Mississauga, ON L5R 3E7

[www.ifbc.ca](http://www.ifbc.ca)

February 2, 2022

Financial and Consumer Services Commission  
85 Charlotte Street, Suite 300  
Saint John, N.B. E2L 2J2

Attention: Corporate Secretary

Submitted by E-mail: [secretary@fcnb.ca](mailto:secretary@fcnb.ca)

**Subject: Notice and Request for Comment – Publication of proposed Financial and Consumer Services Commission Rule INS-001 Insurance Intermediaries Licensing and Obligations (the “Proposed Rule”)**

Independent Financial Brokers of Canada (IFB) appreciates the opportunity to comment on the “Proposed Rule”.

*About IFB*

IFB is a not-for-profit, national, professional association representing over 3,000 members. IFB has been the dedicated voice for independent financial professionals for over 35 years.

IFB supports its members, and the industry more generally, through its accredited online and in-person continuing education courses and events, comprehensive professional liability insurance programs for individuals and firms, and professional business resources to help members meet their compliance and regulatory obligations.

IFB works alongside regulators and industry stakeholders to help ensure consumers who seek financial advice are well-served and the bar is set high. As regulatory standards and industry practices evolve, it is important that industry and regulators preserve the ability for consumers of all financial means to have access to financial advice from a variety of sources, including the personalized advice independent, community-based advisors like our members provide every day.

IFB members are self-employed financial professionals who tend to own small to medium sized financial practices in their local community. Many members choose to become an independent practitioner after beginning their career with a proprietary firm, or as an employee of a financial institution. They believe strongly that their ability to help clients access products from a variety of providers is essential to addressing their clients’ needs.

IFB members are provincially licensed financial advisors and planners. The majority are life and A&S insurance licensees, and many are also mutual fund registrants. Often, these advisors undertake additional education or training to attain financial licenses and accreditations that allow them to provide a broader range of financial advice and services to the individuals, families, and businesses they work with. IFB members must agree to abide by IFB’s [Code of Ethics and Standards of Professional Conduct](#) as a condition of membership.

### *Our comments*

Below are IFB's comments on the Commission's Proposed Rule that will replace certain outdated regulations in the *Insurance Act*. As noted in Appendix B, IFB responded to several of the Commission's earlier consultations on this matter and welcomes the opportunity to do so again. Our comments focus on the sections affecting life and A&S insurance licensees.

### Restricted licence

IFB's preferred position, as outlined in our response to the Commission's 2020 consultation, continues to be that consumers who purchase life, disability or other health insurance products are best served when doing so from a properly licensed life insurance agent. Incidental insurance products are widely available to the public and consumers who purchase them should be assured that there is regulatory oversight and that complaint resolution mechanisms are available when needed. These products are often complex and in place for many years. Consumers should have confidence that they have been properly informed about the product, and the benefit will be there in the event of a claim.

Having said this, IFB supports a restricted licensing requirement for those who sell incidental insurance products, similar to that in place in some other jurisdictions. Licensing provides expectations on agreed upon standards that help protect the public.

We appreciate that the Proposed Rule includes a provision for consumers to be advised that the restricted representative or employee of a restricted representative is not a licensed insurance agent, and they should consider seeking advice from such an agent. However, as a practical matter, we view it as unlikely that consumers will take this additional step and postpone the decision, especially as it may be time sensitive. It is essential, therefore, that disclosure and transparency are prioritized in the design of the oversight of the restricted licensing regime, as well as ensuring proper training for those engaged in the selling of such products.

### Errors and omissions insurance

IFB is pleased that the Proposed Rule will implement a mandatory E&O insurance requirement for life and A&S insurance agents. E&O insurance is recognized as an important, affordable remedy for consumers to seek restitution in the event of a claim. Adopting this requirement, harmonizes New Brunswick's requirement with that already in place for life and A&S agents licensed in most other Canadian jurisdictions.

IFB also supports the requirement that E&O insurance include 24 months of extended reporting coverage. As advisors leave the business over time, through retirement, death, disability or otherwise, having extended reporting coverage in place provides additional protection for clients who may seek restitution when the advisor is no longer active or licensed. It also helps to provide the advisor, his/her family, and business partners with financial protection in the event of a claim.

We note that IFB's E&O plan offers advisors leaving the business, the option to acquire extended reporting protection for periods ranging from one to 10 years. Without regulatory support, however, we have found there has been little uptake. Unfortunately, advisors who decline this protection have exposed their estate or surviving spouse to a significant financial burden when such a claim arises years later.

### Continuing Education (CE)

IFB continues to support a mandatory CE requirement for life and A&S agents in New Brunswick, in line with most other provincial licensing jurisdictions. CE is recognized as an important factor in contributing to positive consumer outcomes. Consumers should feel confident they are receiving advice and services from competent advisors, whose licence requires them to keep their proficiency and skills updated.

Following its 2015 consultation, the FCNB undertook to study the feasibility of introducing a CE requirement, acknowledging its value in keeping agents abreast of industry practices and emerging trends. Importantly, the FCNB identified ethics education as a crucial component.

IFB suggests the need for CE has sharply increased in the intervening years, not diminished. The financial services industry, including the insurance sector, has experienced a great deal of regulatory change. This has led to rapidly evolving industry expectations for new or updated business practices, intended to increase positive consumer outcomes and demonstrate that customers are treated fairly. Advisors who don't understand, or are not aware of, these kinds of industry changes present a risk to the industry and their clients.

Many life insurance agents are required to earn CE for other reasons, such as when they are also securities registrants, or hold another license or designation with a CE requirement. While these other CE programs can provide relevant learning opportunities, which may overlap, it's important that life and A&S agents receive education specific to the life/health insurance industry.

Today's insurance client can be complex with family or business interests in other countries, blended family responsibilities, providing for multiple generations of family members, experiencing physical challenges, or have mental health or incapacity issues. Today's advisor needs comprehensive product knowledge, fulsome understanding of current regulatory expectations, and guidance on societal issues related to addressing the needs of, and effectively communicating with, aging clients and their family members. These include dealing with clients who exhibit reduced cognitive abilities, mental health and/or addiction issues, as well as understanding government assistance programs, tax, and estate issues.

Guidance on dealing with vulnerable and older clients, as well as providing advisors and firms with additional tools to help them manage such situations, has been prioritized in the securities sector. We would like to see similar guidance or tools for those practicing in the insurance sector. These important topics have been regularly featured at IFB's CE events for many years, and have proven popular with attendees who often experience these types of client situations in their own practice.

The FCNB has acknowledged that monitoring and accrediting continuing education can present a challenge, but as a regulator it has also recognized the importance of CE in setting a professional standard and enhancing consumer protection. IFB suggests that potential issues related to monitoring and accrediting CE could be reduced by adopting CE guidelines that harmonize with other jurisdictions, thereby increasing the opportunity for a reliance model, and by turning to industry groups, like IFB, that have existing means to track and verify continuing education. To illustrate, IFB tracks attendance at in-person events by scanning participants in and out of sessions. At virtual events, attendees register online, and their attendance is monitored electronically. CE certificates are provided to those who



attend a session in full. This professional approach reflects our view that high quality, verifiable, CE is essential for those who provide consumers with life/health insurance coverage and other types of financial advice. IFB would be pleased to discuss these processes with the FCNB and how we can support the Commission.

#### Title Protection

New Brunswick recently consulted on a possible title protection regime. IFB [responded](#) to this consultation, where you can find our more detailed comments.

The Financial Planner (FP) and Financial Advisor (FA) title protection frameworks currently being developed in Ontario and Saskatchewan contemplate mandatory CE for accredited FPs and FAs. There is currently no E&O requirement. IFB believes both are essential and can be implemented in a way that will minimize any additional regulatory burden on FPs and FAs, by recognizing when they have mandatory CE and E&O requirements through an existing licence, designation, or registration category.

As New Brunswick considers whether to proceed with a title protection regime, and how it may want to harmonize with other provinces, we suggest that if FPs and FAs become subject to a mandatory CE requirement, but not licensed life and A&S agents, consumers will be left confused by these seemingly conflicting standards. In our view, consumers seeking professional financial advice should receive it from an equally well-informed individual, regardless of their licence category or accredited title.

In closing, IFB supports many of the revisions in the Proposed Rule and agrees that they will modernize and clarify the insurance licensing and obligations for life insurance licensees in New Brunswick. We believe this modernization should include CE for licensed life and A&S agents.

Please contact the undersigned, or Susan Allemang, IFB's Director, Policy & Regulatory Affairs (email: [sallemang@ifbc.ca](mailto:sallemang@ifbc.ca)) should you wish to discuss our comments further or have any questions.

Thank you for the opportunity to comment.

Yours truly,

A handwritten signature in black ink that reads 'Nancy Allan'.

Nancy Allan  
Executive Director

E: [allan@ifbc.ca](mailto:allan@ifbc.ca)

T: 905.279.2727 Ext. 102

Toll-free: 1.888.654.333