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April 4, 2017

Honourable Kevin Doherty
Minister of Finance
Government of Saskatchewan
Room 312, Legislative Building
2405 Legislative Drive
Regina SK S4S 0B3

Sent by email: fin.minister@gov.sk.ca

Dear Minister:

I am writing to express concern with the Budget proposal to increase the Provincial Sales Tax (PST) on insurance premiums, and broaden the base of insurance products which will be subject to the PST, effective July 1, 2017.

Independent Financial Brokers of Canada (IFB) is a not for profit professional association representing approximately 4,000 licensed financial advisors across Canada. The majority of our members are licensed to provide advice and products related to the life and health insurance industry, and mutual funds. Some of our members are residents of Saskatchewan. Many others are resident elsewhere but are licensed in multiple jurisdictions, including Saskatchewan. IFB members are independent; they are not career agents or employees of a financial institution. Most are owner/operators of their own small or medium size business, and their work contributes to the financial stability of their clients, their clients' families, and their local economy.

We appreciate the challenge your government has to create sound fiscal policy in the face of declining revenue from the resource sector. In general, we applaud the goal of achieving a balanced budget in 3 years. However, we have reservations about the negative impacts of applying the PST to most insurance contracts, and especially to individual life, disability and health insurance premiums.

Many Canadians are facing higher long-term health and critical care costs not covered by provincial health care plans. As well, many Canadians struggle with saving for retirement and being prepared for unforeseen expenses. Without adequate financial plans, these individuals and families will be forced to rely on government programs. IFB fears that the additional cost to consumers to purchase private life/health insurance coverage, as a result of these provincial tax increases, will discourage them from

doing so. In this regard, we note that Saskatchewan's intent to apply the PST to individual life/health premiums is much broader than the approach taken in other provinces. Other provinces have elected, for these very reasons, not to tax individual policies.

Furthermore, the retroactive applicability of this tax on individual policies already purchased and in payment before July 1 creates an additional concern. It is the regulatory duty of insurance agents, like IFB members, to assess the affordability of a recommended policy to the individual before the purchase, and as part of the suitability assessment. Indeed, it is a requirement in the Saskatchewan Code of Conduct for Life and Accident & Sickness Agents¹.

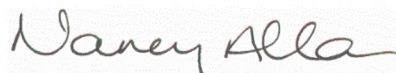
Life and health insurance products are generally long-term contracts with set payments. Life and health insurance contracts already in force, once subject to the new tax, may become unaffordable to these individuals and families. In turn, they may be forced to let their policy lapse - not only losing this important coverage, and forfeiting the premiums paid to the date it lapses, but may be uninsurable when they try to replace the coverage.

IFB respectfully asks that Saskatchewan reconsider a tax which may well reduce the ability of individuals and families to be proactive in providing for their own financial well-being.

IFB appreciates the opportunity to provide these comments, and trusts the government will consider the potential implications of the PST on insurance products as it moves forward with the Budget process.

Should you have questions, or wish to discuss, please contact the undersigned, or Susan Allemang, Director Policy & Regulatory Affairs (sallemang@ifbc.ca).

Yours truly,



Nancy Allan
Executive Director
Email: allan@ifbc.ca

¹Life Insurance Council of Saskatchewan. Code of Ethics. Part 2 Product Suitability, subsection (ii) Only recommend products or services based on your Client's ability to pay the full costs. As an outcome of the cash flow analysis you will have undertaken, you must be satisfied that your Client is in a financial position to pay the full ongoing costs of the product or service you are recommending.