



105 King Street East
Toronto, ON
M5C 1G6

T 416-548-4223
F 416-340-9977
E info@CAILBA.com

November 26, 2014

To: The Cooperative Capital Markets Regulatory System
Delivered by e-mail to: commentonlegislation@ccmr-ocrmc.ca

Dear Sir/Madam:

We are providing comments on the draft Provincial Capital Markets Act that is being developed as part of the Cooperative Capital Markets Regulatory System.

The Canadian Association of Independent Life Brokerage Agencies (CAILBA) is a voluntary trade association that acts as the single voice for Managing General Agents (MGAs) across Canada. Working closely with our insurance carrier counterparts, we help our members to stay abreast of change and to effectively implement compliance and regulatory updates. We foster best practices across Canada in order to better the insurance industry and build unity in the MGA community nationally.

We fully endorse and adopt the position taken by the Canadian Life and Health Insurance Association (CLHIA) in its letter to you dated November 19, 2014. We believe that the existing, specific exemption for insurance products provided in provincial securities legislation is not accidental. It serves an important purpose, given the substantially different considerations that apply to insurance policies as compared to securities. We also believe that maintaining the existing harmonized regulatory approach for such products under insurance legislation is of vital importance. The current insurance regulatory regime may be separate from that of securities regulation but it is no less stringent and no less able to protect consumers.



Given the unique attributes of insurance products and the generally very different circumstances that prompt consumers to purchase these products rather than securities, they should not be regulated as securities. IVICs, like all insurance products, have always been subject to regulation and oversight by insurance regulators (including prudential regulation by OSFI). Significant standards developed by the insurance industry in the form of guidelines also govern the behavior of industry participants.

We seriously question how adding a layer of duplicative and costly securities regulation to the insurance industry's existing, robust legal framework and regulatory regime would add materially to consumer protection. The words "unless otherwise provided by regulation" are unnecessary and should be removed from paragraph (f) in the definition of a "security" in the PCMA.

Should you have any questions regarding our comments, please contact our Regulatory Compliance Consultant, Chris Nicoll (416-461-4488 or chris@chrisnicoll.ca).

Yours truly,

A handwritten signature in black ink, appearing to read "Michael Williams", with a long horizontal stroke extending to the right.

Michael Williams

CAILBA President