



2 August 2023

Mr. Brett Thibault
Director, Governance & Stakeholder Engagement rules.consult@insurancecouncilofbc.com
Insurance Council of BC
1400-745 Thurlow Street
Vancouver, BC, V6E 0C5

Dear Mr. Thibault,

Re: Consultation on Council Fees Rule 5 (1) (a) (b) and (o)

The Canadian Association of Direct Relationship Insurers (CADRI) is the voice of insurance enterprises that offer automobile, home, and commercial insurance directly to Canadians. We advocate for flexible and evolving regulatory and legislative frameworks governing automobile, property, and commercial insurance to enable product and service innovation so that Canadians can easily choose insurance that serves their needs through the delivery channels of their choice.

CADRI appreciates the opportunity to comment on the Insurance Council of BC's (the Council's) Rule 5 proposed changes to:

- increase the maximum allowable fee for licence applications and annual licence fees, as well as
- create a fee to be charged for licence upgrades within the same class of licence.

Having reviewed its 2024-2026 Annual Plan, CADRI supports the Council's four goals and overall direction. We also understand that the Council is a self-funded agency and that, until 2021, the Council's fee schedule had remained static for over a decade.

That said, the proposed increases to the existing fees are significant: ranging from a 25 percent maximum increase for an insurance agency licence to a proposed 55 percent maximum increase for application fees for individual licences. CADRI members would like to understand the rationale behind these proposed changes and how the increased revenue would support the Council's annual goals.

CADRI members are national and international companies who employ licensed agents across Canadian jurisdictions. Their employee agents are screened before they are hired and complete up to three months of formal facilitated training – often in cohorts with dozens of participants. Many of these agents answer calls from customers in different provinces. They are, therefore, licensed first in their home province; trained to secure licenses in other jurisdictions, and subsequently renew those licenses. Thus, our members incur fees for their agents' application phase in BC and later annual fees for all the agents serving customers in BC, as well as any eligible agency fees.

Our members serving insurance customers in BC will face significant increases should these proposals proceed: increases ultimately borne by BC insurance consumers.

CADRI comments on Insurance Council of BC Rule 5 Fees

Moreover, the proposed fee maximums signal that BC could become the most expensive licensing regime in the country.

We urge the Council to review its budget and its planned fee increases accordingly. If the Council elects to proceed with changes to Rule 5 (1) (a) and (b), we urge it to phase in the increases at a reasonable rate that can be tolerated by the marketplace.

On the matter of Rule 5 (1) (o), a new maximum \$300 fee, to upgrade a licence within the same licence class, we have not calculated the impact of creating this measure. We would hope that this does not act as a deterrent for agents to upgrade their skills. Insurers seek to provide growth and career opportunities for their employees and exclusive agents. Retaining staff is critical to the system's resiliency. It provides BC customers with seasoned service and insurers with customer service agents and agencies that can provide business continuity in the event of increasingly frequent business disruptions from climate change and other sources.

Conclusion

CADRI welcomes the opportunity to comment on the Council's proposed changes to Rule 5.

We appreciate the Council's need to be self-financing. However, we recommend it take another look at the escalation of fees under Rule 5 (1) (a) and (b) as they compare to other jurisdictions and phase in any increases at a reasonable pace. We are also flagging the potential negative effect of creating and implementing the new fee Rule 5(1) (o).

Generally, we encourage the Council to be transparent as to the benefit agent and insurer fees contribute to ensuring that those living in BC receive insurance advice from reliable, qualified agents.

We would be pleased to explore our position in further detail and explore other options the Council may be considering.

Yours sincerely,



Geoffrey Beechey
Chair & CEO
CADRI

Cc:

Brett Thibault, VP, Stakeholder Engagement, Insurance Council of BC
Kandace Hopkins, Director, Practice and Quality Assurance, Insurance Council of BC

CADRI Board of Directors
CADRI Licensing Task Force
CADRI Western Committee

Margaret Campbell, Director, Market Conduct, CLHIA